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FEBRUARY 2009



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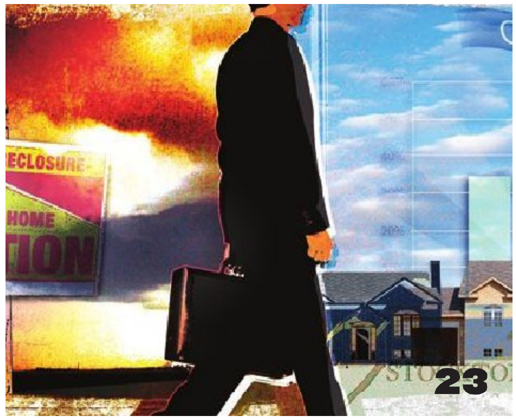
FEATURES

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DEPARTMENTS

ON THE COVER: THIS CUSTOM LAKESIDE COTTAGE IN UPSTATE NEW YORK SHEDS EXTRA SQUARE FOOTAGE IN EXCHANGE FOR FUNCTIONALITY AND CHARMING DESIGN.

COVER PHOTO: JEFF HERBERT



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Don't settle for just reading your issue of BUILDER every month—interact with it by checking out the online-only supplements at www.BuilderOnline.com. This month, don't miss the online exclusive accompanying Sales Strategies on color trends in 2009. You'll also find a link to the Michelle Kaufmann white paper discussed in this month's Green House on energy nutrition labels for homes.

And, as always, check back often for daily news updates and new episodes of BUILDER TV.

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Second Acts

If history has taught us one lesson, it's that endings can mark a new beginning.

SOME 60 YEARS AGO, F. SCOTT FITZGERALD FAMOUSLY observed, "There are no second acts in American lives." There's been a lot of discussion about what he really meant by that, but taken at face value, the expression couldn't be further from the truth. We are a nation built on second acts, a nation of comeback kids.

In fact, many of the people at the center of the biggest business success stories in our nation's economic history failed miserably at some point during their careers.

Henry Ford, for example, started and lost two automobile manufacturing companies before getting it right with the Ford Motor Co. Ford's first business, the Detroit Automobile Co., went under and was dissolved in less than two years. The second, the Henry Ford Co., ended even more quickly after a disagreement among its partners.

A similar story belongs to Milton S. Hershey, who founded confectionery businesses in Philadelphia and New York. Both went bankrupt in a matter of a few years. But Hershey's troubles did not end there. Even after the Hershey Chocolate Co. became wildly successful, external economic crises nearly caused it to collapse. Sugar became exceedingly expensive and scarce during World War I, so Hershey stockpiled an enormous quantity of it. When the war ended, the price of sugar plummeted to its pre-war levels, nearly bankrupting him once again. Only by mortgaging everything he owned and putting his business under the scrutiny of bank officials was Hershey able to save his company from going under.

Today, many of you are in the process of watching your businesses founder. And, like Ford and Hershey must have, too, you may be experiencing that dark night of the soul that comes with failure: feelings of loss and despair, and the fear of what will—and won't—happen next. You may find it nearly impossible to divorce the failure of the business from your own personal failure; businesses and their owners can seem inextricably entwined, with the companies frequently even bearing the family name.

And perhaps because of that interconnectedness, it's difficult for business owners to realize and admit just how much trouble their companies are in until it's too late. Builders who are just now thinking they might seek bankruptcy protection may already have reached the point of no return. As director Becky Roof, of business advisory firm AlixPartners, says in John Caulfield's story on the subject this month ("Taking the Plunge," page 84), "By the time they get to Chapter 11, most builders are already at the liquidating stage."

So, if you're thinking that filing might have to be your next move:



JAMES KEGLEY

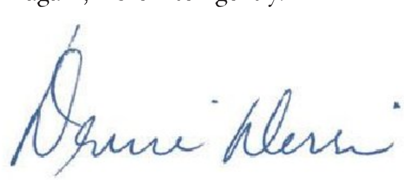
Don't delay. Acting quickly can mean the difference between using bankruptcy protection to restructure your business or liquidating it.

Seek support from others. Lots of people have been in the same boat. Use your contacts to find some of them and ask about the process and what you can expect. Those who have been through it before will likely offer a sympathetic ear along with some good advice.

Remember that your most valuable asset is you. It's not your office building, your equipment, or even your land. It's your knowledge, your determination, and your hard work that have enabled you to create the successes you've had.

Try to look ahead to your next act. Others before you swear by the idea that failure begets success. Bernie Marcus, one of BUILDER's 30 top innovators of the past 30 years ("Impact Players," January, page 158), is one of them. Marcus, along with Arthur Blank, was fired from the Handy Dan hardware chain in 1978; the pair went on to found The Home Depot, which in turn became the country's largest home improvement retailer. Over the years, Marcus has spoken with many successful entrepreneurs who have encountered major setbacks and most count them as a positive experience.

Of course, that's a lot easier to do in retrospect. For now, consider the avenues available to you and make the best choices you can going forward. And think about taking this observation from Henry Ford as your mantra: "Failure is the opportunity to begin again, more intelligently."



DENISE DERSIN
Editor in Chief
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Overcoming the Impossible

You write, "Now, for the first time in history, buyers are faced with the prospect that their new home may lose value in real terms. That's a tough, if not impossible, objection to overcome," ["A Better Way?" January, page 21].

People have forever been agreeable to buying cars, likely an individual's second largest investment behind the home, knowing full well that when they drive off the car lot the value of the car goes down significantly, and that downward spiral in value will never stop (unless it becomes a treasured antique). For the most part,


EDITOR'S NOTES

A Better Way?

We need a housing policy that provides more stable returns for homeowners and builders.

homes, like cars, have been built with materials that will wear out and are susceptible to natural and man-made disasters. Cars cannot be built for sustainability, but houses can. Perhaps building sustainable homes is the answer to overcoming the objection that you say is impossible.

Jim Farrell
Owner
Blastcrete Equipment Co.
& MetRockSCIP
Anniston, Ala.
Via e-mail

Show and Tell

Good article ["The Fight to Survive," BuilderOnline.com]. You should check out www.ascribehq.com for a great marketing tool for the Web. The tool not only can be used to showcase your project experience on your Web site, but it also puts your projects out on the Web and creates links to other companies that worked on the same project. Ascribe's primary purpose is to help companies be seen by showcasing and networking around projects and to drive qualified traffic back to their Web sites. Check out www.showcasebuildings.com, just one of the many Web site project showcases where your work can be seen.

Doug Huyser
Posted on BuilderOnline.com in response to Boyce Thompson's blog post "The Fight to Survive"

Getting Things Going

Can you enlighten us in the industry as to where home building stands in respect to earmarks that will be in the coming stimulus plan?

I feel the Realtor lobby is doing a much better job than the NAHB of explaining to the public the need to address existing inventory issues. I'm sure you agree that we need to have incentives to get nervous potential buyers off the fence and buying new homes that are on the ground today. Interest rates are great, but re-fis don't put anybody but brokers and closing attorneys to work. If the stimulus plan had the 10 percent tax credit for buying a new home (capped at $25k) that has been discussed, and had an expiration date (end of '09), it surely would get inventory moving.

All I hear about is roads and bridges. No one seems to want to get on the soapbox and shout how badly we need to get homes moving. That will put more people to work than roads and bridges.

Kent Olson
Owner
Olson Development
Charlotte, N.C.
Via e-mail

Right Side Up

I just read your piece in the December 2008 issue ["Stop the Bleeding," page 15]. Let me just say *thank you*. The tone of your article was bluntly, brutally, refreshingly candid. With all the spin on this topic, I was beginning to feel as if left is right, right is left, and we're all upside down.

Hopefully some of the two trillion in


EDITOR'S NOTES

Stop the Bleeding

Mortgage modification programs—though unfair—are necessary to stabilize the economy.

bailout funds can be used to soften the blow to banks when they adjust these mortgages. Of course it isn't fair, but maybe we will stop the bleeding.

Thanks again.

Don McDonough
Division President
Ryland Homes
Charleston, S.C.
Via e-mail

Universal Truths

I have been an Urban Planner (1960 graduate of Michigan State University) for the last 48 years and a real estate developer for 28 of those years. In addition to that, I have been involved with Rebuilding Together, a national organization based in Washington, D.C., through its Oakland County, Mich., affiliate for 18 years, which is involved in renovating homes for seniors and handicapped persons.

Most recently, I have been searching for a used home for myself. I am *(see page 18)*

72 years old and would like to find a home I could stay in for as long as possible, including when I might be confined to the use of a walker or a wheelchair. It has proven to be a daunting task; every home I have looked at has had obstacles that would be difficult to overcome. I am sure I am not the exception to the rule.

Having this experience in mind, reviewing the latest single-family home plans in your December issue of BUILDER magazine has moved me to question why architects designing single-family homes, apartments, and condos have not recognized that they should be designing homes that have longer-term viability as a residence. Based on this short-sightedness, we are forcing elderly or handicapped persons out of their homes prematurely. Our population is growing older as we live longer. ...

If we do not wake up to this fact, we will soon see a growing inventory of obsolete homes and a shortage of homes that meet the needs of our aging population.

Below, I've listed eight major faults I find with current designs of single-family homes, apartments, and condos. ...

I also believe homes, condos, and apartments designed to eliminate the faults I describe would be more marketable.

Major issues regarding current residential design in conflict with our expanding aging population:

1. Barriers between exterior access and main living level (exterior steps to porch or stoop; entry-door width barring wheelchair access)
2. Interior steps between rooms or spaces on the main living level
3. Barriers to wheelchair access on the main living level (doorway and hallway widths)
4. Barriers to wheelchair access to the garage from main living level
5. Main living areas required by homeowner not on the main living level (master bedroom and bath, laundry room)
6. Barriers to outdoor living space (homes not provided with a deck on the main living level)
7. The use of doorknobs instead of door levers
8. Main living level bathrooms without grab bars or comfort-height toilets

Sincerely yours,

JAY W. ELDRIDGE
President
Covenant Development Co.
Farmington Hills, Mich.
Via e-mail

Missing the Mark

According to my calculations, in order to reach the price levels of July 2003, we will have another eight months [from end of November] of housing price drops. In order to reach the levels of January 2000, it will take us until early 2011. The question is, Will it be 2000 or 2003 levels? Or even worse, 1990s levels? As you said ["Calling the Bottom with Affordability Metrics," BuilderOnline.com], the subprime bubble started to form intensely in 2004. So 2003 levels should be a fair bottom—that is assuming Obama can

bring tranquility to our markets and somehow slow down unemployment. Mr. Shiller expects another 10 percent drop from our current situation. That would bring us to levels of July 2003, which I believe is a fair bottom. 2000 price levels are way too low to be realistic. [I expect] the price composite of the 20 cities [to] be around 141 by July 2009, which will be equal to 2003 levels. Hopefully that is the bottom, and we can shift our thinking from crisis to recovery. The crisis started with the housing bubble, so it should end here within the housing prices. That is why it would be unrealistic to assume that it will be 1990s levels. I believe even 2000 levels are just way too low. Anyway, let's hope prices bottom in July 2009.

POSTED ON BUILDERONLINE.COM IN RESPONSE TO BOYCE THOMPSON'S BLOG POST "CALLING THE BOTTOM WITH AFFORDABILITY METRICS"

Reverse Equity

THE MOST OBVIOUS WAY TO STIMULATE the economy is with new-home construction. However, supply and demand will not allow it. Until they fix the supply side by fixing the foreclosures, there will be no growth and obviously the economy will take longer to recover. It amazes me that at every downturn in the housing market, the forecasters say, "Yeah, but the economy is still strong." Then, six to eight months after the housing crash, the economy crashes. And this time, it's exacerbated by the loan situation. More speculators were allowed in.

I recommend the government offer a "shared equity" with troubled homeowners or a 100 percent reverse mortgage for owners over 55 years of age. Once they die, the government gets the house. Or, if they sell, the government would get the equity for making the payments. ... The idea is that it would take millions of houses off the market, reducing the supply and allowing new housing starts, which would put the economy back on track. Not to mention that by not having a house payment, the money would go back into the economy.

I'm also amazed that economists haven't figured out how much the construction industry is a leading economic indicator. I'm sure this housing crisis has left more unemployed than if the Big Three were left to fend for themselves, as the construction industry always does.

POSTED ON BUILDERONLINE.COM IN RESPONSE TO BOYCE THOMPSON'S BLOG POST "BUILDERS LIKELY TO GET COOL RECEPTION IN CONGRESS"

Callback

IN OUR STORY "CHANGING DIRECTION" [January 2009, page 35], we incorrectly stated that OKKS Development's initial capitalization was $500 million; it was $500,000.

We regret the error.

DO YOU HAVE A COMMENT OR QUESTION?

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MISSING LINKS

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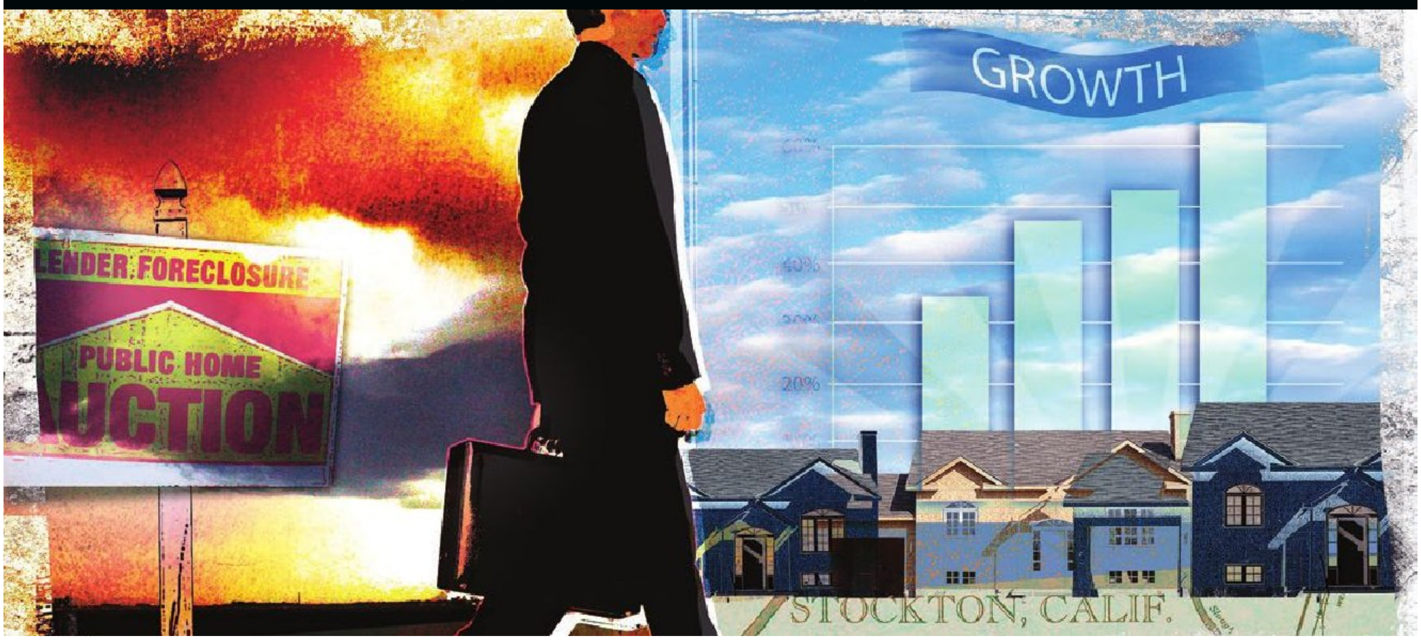
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Inside:

COMMENTARY AND ANALYSIS OF CURRENT EVENTS ■ EDITED BY JOHN CAULFIELD



ROY SCOTT

BUCKING THE RECESSION

Looking Ahead

Stockton, Calif., is still approving projects to accommodate its population growth.

For a city awash in foreclosed homes, Stockton, Calif., has a lot of residential development going on.

The city ranked fourth in November on RealtyTrac's nationwide list of markets where houses are in some stage of foreclosure. In recent months, nearly all resales there have been foreclosures, selling on average at prices two-thirds below the market's $404,000 peak in December 2005. Stockton's new-home purchases hit rock bottom last September when only four new houses were sold that month. Through the first 11 months of 2008, the city issued only 155 single-family building permits, versus 610 in 2007. *Fortune* magazine projects Stockton to be among the country's five worst housing markets in 2009 in terms of price depreciation.

Beyond the gloom, however, Stockton's elected officials see a brighter future and have laid out an ambitious expansion agenda to meet the city's population growth, which is projected to balloon to 578,000 by 2035 from around 286,000 today. Over that period, the city's General Plan calls for a 75 percent increase in developable land (through an expansion of its urban growth boundary) to 66,740 acres, of which residential development would account for 35 percent (versus 29.7 percent in 2005).

The city has greenlighted no fewer than five major projects that, if completed, would add close to 20,000 homes and 33,000 residents to the city over the next two decades. How many will achieve fruition, though, is anyone's guess.

The largest, the 3,723-acre, 10,500-home Mariposa Lakes, is embroiled in a lawsuit over its potential impact on the county's groundwater basin. Conversely, the city in December allowed developer A.G. Spanos to build 488 townhouses, which were supposed *(see page 24)*

to go into its Spanos Park West project, in two other developments, Crystal Bay and a 1,500-unit subdivision called The Preserve, the latter of which the city approved in December.

David Stagnaro, Stockton's planning manager, thinks one project that has a good shot at moving forward is Sanctuary, a 1,728-acre mixed-use community on nearby Delta Island that, when built out over the next 16 years, would include 7,070 homes (see "Walkable Living," page 26). This is the biggest project to date for Stockton-based The Grupe Co., which has been developing locally for 43 years and is known for its amenities-rich communities.

Grupe hasn't been doing much in the way of residential lately. It sold most of the land it owned by June 2006 and "stopped all construction in June 2007," says Shane Hart, its senior vice president of acquisitions, land development, and marketing. "In fact, we've been focusing on our mini-storage business." Before it starts building houses at Sanctuary, Grupe has at least 2 1/2 years of site improvement and environmental impact review ahead of it, which Hart estimates will cost at least $500,000.

To get Sanctuary off the ground, Grupe had to answer to two masters: the city and a local anti-sprawl group. Stockton's General Plan stipulates that no new development can have a negative impact on the city's general fund. So Grupe had to submit its plan with lower pricing and absorption estimates, which was tough, says Hart, because "we need volume of at least 450 homes per year at an average selling price of $500,000 just to start." *(see page 26)*

NOT SO STRANGE BEDFELLOWS

Desperate Times, Innovative Measures

Two bankrupt builders hook up to market unsold and new homes.

You know business is tough when two builders in adjacent Western states, both in Chapter 11, join forces to launch a multimedia marketing campaign to dispose of existing unsold inventories and to generate buyer interest in new homes they continue to build as each moves toward coming out of bankruptcy this summer.

In the second week of January, that campaign, developed by the advertising firm Art Form, started using TV, radio, print, and billboard ads to direct potential buyers to a Web site—www.newhomesale.org—that features existing homes being liquidated. The two builders involved in this campaign—Portland, Ore.–based Legend Homes/Matrix Development and Vancouver, Wash.–based Pacific Lifestyle Homes—posted 62 and 35 of their homes for sale, respectively, on that site.

"The normal methods of marketing aren't producing anything right now," says Jim Chapman, Legend's president. "To generate traffic and to move inventory we have to do something extreme to drag people out of their homes and back into the market." Chapman points to one home on the site whose $369,900 liquidation price is 15 percent below what that same home (with $7,000 in options) sold for before the housing recession.

Kevin Wann, Pacific Lifestyle's president, says his company sold 27 homes through this Web site in the fourth quarter of 2008 at discounts 15 percent to 20 percent below peak prices. But after his company filed for bankruptcy protection on Oct. 16, Wann says his marketing dollars shrank, which made hooking up with another builder to market products more appealing. The fact that Legend and Pacific don't compete directly made the alliance even more feasible.



LIQUID ASSET: Legend Homes discounted the price of this home in Wilsonville, Ore., 16 percent to $299,000.

Legend, which filed Chapter 11 last June, and Pacific expect to come out of bankruptcy as operating entities. Both plan to submit reorganization plans to the courts this spring. Meanwhile, each continues to build homes under cash-collateral agreements with its banks. The companies expect to complete the liquidations by early March, at which point the marketing campaign would evolve to pique curiosity and drive traffic for their new homes.

Depending on whether it can negotiate new bank financing, Legend—which has shown positive earnings while in Chapter 11 and had $12 million in cash on hand at the end of 2008—expects to build between 60 and 120 homes in 2009. Already, it is changing its product mix to target more customer niches than before, says Chapman. As it moves forward, the builder will emphasize the affordability and sustainability of its homes and communities, although Chapman does not foresee his company going after first-time buyers.

Wann says Pacific Lifestyle, which in its best year (2005) sold 350 units, expects to sell 110 homes in 2009. Over the last year, the builder has been moving away from homes in the 3,300- to 3,700-square-foot range toward smaller houses sized between 2,200 and 2,400 square feet and priced at $250,000 to $300,000. Wann is hopeful that the marketing effort, coupled with "a low–interest rate environment," will stimulate greater demand.—*J.C.*


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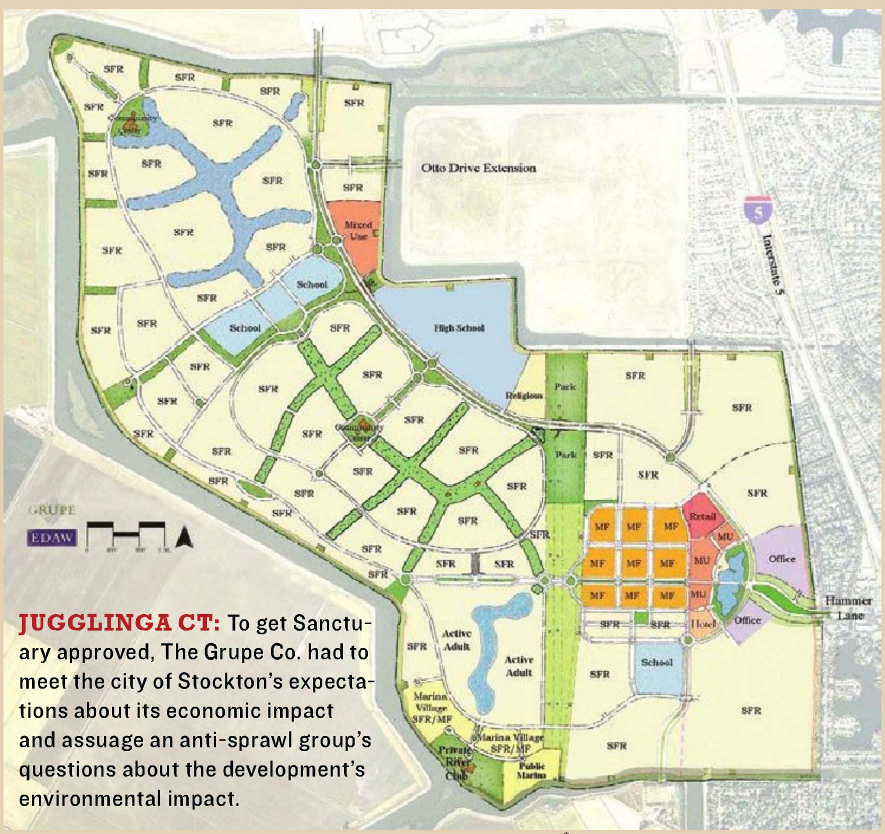
Grupe also did "a lot of outreach" with a local group known as Campaign for Common Ground, which until that point "had never supported a local project," says Hart. This group has adopted smart-growth guidelines known as the Ahwahnee Principles, developed by forward-thinking architects in the early 1990s (see "Back to the Future," right)—which Grupe agreed to where they are practical. Sanctuary will also be green: Its commercial construction will be built to LEED Silver standards, and its residential to Build It Green standards.

Grupe plans to offer 20 home styles at Sanctuary, and Hart is confident that market conditions will turn by the time building begins. As for external factors out of Grupe's control, he says Stockton "has done a good job staying ahead of development" by securing water rights.—*J.C.*

WALKABLE LIVING

Sanctuary will spread over 1,728 acres of developable land that will include*:

- 1,206 acres for single-family homes
- 67 acres for multifamily homes
- 30 acres for mixed-use construction
- 25 acres for 500,000 square feet of office space
- 10 acres for 200,000 square feet of retail space
- 111 acres for a levee walk (not included in the total acreage)
- 19 acres for various facilities including a yacht club, a winery, and a $1.5 million firehouse, which the developer must also equip and man
- 86 acres for schools
- 10 acres for churches
- 194 acres for parks and open space
- 96 acres for lakes
- 50 acres for roads and parkways
- 113 acres for greenery along roads



JUGGLING ACT: To get Sanctuary approved, The Grupe Co. had to meet the city of Stockton's expectations about its economic impact and assuage an anti-sprawl group's questions about the development's environmental impact.

SOURCES: CITY OF STOCKTON; THE GRUPE CO.

*SOME USES OVERLAP ON THE SAME ACREAGE

Back to the Future

Legislation gives new life to a smart-growth blueprint.

This spring, the nonprofit Local Government Commission (LGC), working with California's Office of Planning and Research, will conduct workshops to help city planners comply with anti-sprawl legislation aimed at reducing the state's greenhouse gas emissions.

Sacramento-based LGC had a hand in crafting AB 32, the California Global Warming Solutions Act of 2006, which establishes statewide emissions caps by 2020, regulations for which must be in place by January 2011. SB 375, which Gov. Arnold Schwarzenegger signed last September, requires metros to include sustainable communities strategies in their regional transportation plans to lower emissions to AB 32 benchmarks. "I don't see how municipalities can meet these standards," says LGC's executive director Judy Corbett, without subscribing to guidelines laid out in the Commission's Ahwahnee Principles, which have served as the foundation for smart-growth initiatives in California and other states since a group of high-profile architects drew them up in the early 1990s.

Corbett says many California cities have incorporated the principles into their general plans. The problem is that building codes often don't keep pace. That's why Corbett was pleasantly surprised by last September's settlement between the city of Stockton, the state's Attorney General's office, and the Sierra Club, in which Stockton agreed to allow more public involvement in the development of greenhouse gas reduction policies for its General Plan.

Authors of the Ahwahnee Principles include architects Peter Calthorpe, Andrés Duany, and Elizabeth Moule, cofounders of the Congress for the New Urbanism. Stephen Filmanowicz, the Congress' spokesman, sees the Ahwahnee Principles as being mostly California-centric now, and "a bit more accessible" to developers. That might be so, but with the stroke of Schwarzenegger's pen, those principles suddenly became more relevant.—*J.C.*

GOT AN INSIDE STORY?

E-MAIL JOHN CAULFIELD AT: **jcaulfield@hanleywood.com**





DAN CARMODY

MINOR SETBACK: Houses at Somerset are pulled close to the street (14 feet from the curb) to encourage neighborly interaction. The Hamilton plan (shown here) features a wide front porch and rear-loaded garage.

ACTIVE ADULT

Just Right

Downsizing boomers make a move for homes that are smaller, greener, and more accessible.

Steve Romeyn knows what empty-nesters want, and it's not just because he is one himself. Previously in his career, the Atlanta-based builder and designer developed active adult products for John Wieland Homes and Colony Homes, and then he ran a franchise for Epcon Communities.

Now he's parlaying the full force of that experience into Windsong Properties, a local venture specializing in age-qualified communities in the Atlanta suburbs. And it's paying off. In Somerset, the 20-acre neighborhood Romeyn and business partner Mark Carruth launched in August 2007, 15 of the 23 homes built to date were sold in the first 12 months. Another six homes sold between mid-August and mid-September of last year. The average buyer is 65 years old.

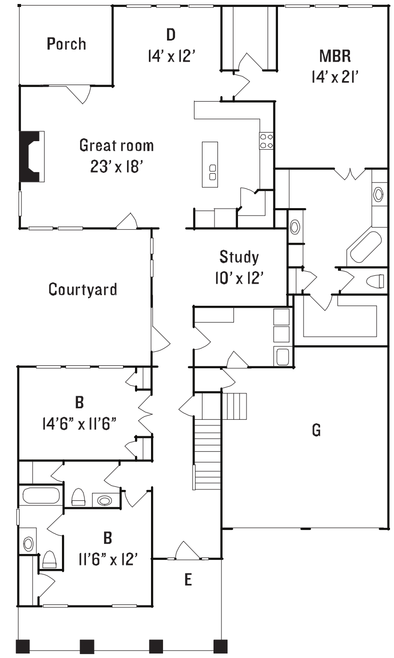
"It helps that we've started with a target market that has liquid assets," Romeyn says. "We wouldn't be selling if people couldn't possibly afford to carry a second house if they had to."

Furthermore, many buyers have reasons to move right away that supersede market conditions. "What we're offering becomes especially compelling to them when life changes come up. We're hearing, 'My husband is having knee surgery next month' or 'My wife fell down the stairs.'" *(see page 30)*

LOCATION: WOODSTOCK, GA.

- **Community:** Somerset
- **Total acreage:** 20
- **Date opened for sale:** August 2007
- **Product:** Single-family detached ranch homes ranging from 2,200 square feet to 2,750 square feet
- **Price range:** $337,000 to $425,000
- **Total number of units at build-out:** 58
- **Sales to date:** 21
- **Builder/Developer:** Windsong Properties, Woodstock
- **Architects:** Romeyn Designs, Woodstock (plans); Woodward Architecture, Woodstock (elevations)
- **Landscape architect:** Baker Land Design, Duluth, Ga.
- **Interior designer:** Dena Carruth, Woodstock





COURTLY LOVE: A secluded courtyard garden in the lap of each home (Drayton interior and floor plan shown here) provides a private fresh-air retreat while bringing natural light inside.

Somerset's answer to those life changes is a picturesque neighborhood of detached, single-story homes that are certified as both EarthCraft (green) and EasyLiving Homes (universally designed) dwellings. All homes feature wide, no-step doorways with options for exterior ramps, lever handles, abundant natural lighting (via windows, skylights, and sun tunnels), and other senior-friendly features. Accessible? Yes. Institutional? Hardly.

With their wide porches and traditional architecture, the homes exude a familiarity that is comforting. This is a big deal for buyers who are undergoing the self-imposed shock of cutting their living and yard space in half, Romeyn says. The largest floor plan in Somerset is 2,750 square feet on a half-acre lot, but all of the residences have proportionately more storage space than the average single-family home, recognizing that boomer buyers typically come loaded with decades' worth of stuff. Kitchens have oversized pantries; garages are expanded to accommodate extra shelving or workbenches; and attics are accessible via fixed stairs. Many buyers have opted to finish their attics into playrooms or home offices, he says.

And that's just the beginning where customization is concerned. "Our buyers have owned lots of houses in their lifetimes," Romeyn points out. "They have serious opinions about what they want, and we do our best to accommodate them whether it's a pool, a spa, or a bonus room. We just did a temperature-controlled wine room for someone. It has its own cooling system, and the walls are super insulated."

Managing such demands, he says, is made easier with an integrated construction management system that aggregates sales, purchasing, and warranty terms in a shared database.

"We can take a special request and run it through our process very quickly so it becomes part of the contract. We never end up with any arguments at the end because everybody knows in real time where we are cost-wise," he says. "Even though we are a small company, we have systems that usually would only be found in larger building companies."

Windsong has further entrenched itself in buyers' good graces by offering $15,000 to $20,000 worth of free upgrades on every new home. "We are not discounting the houses themselves," Romeyn notes. "If you do that, your present buyers are not happy with you. Perhaps they won't give you referrals, but the bigger issue is you need their endorsements when potential buyers walk through the neighborhood ... and in our case, that happens a lot."

So far so good. While many small builders have come to equate spec homes with a kiss of death, Windsong has found that having a couple on hand is actually good for business. "It's true that in today's market, fewer people are willing to contract to build a house in anticipation of selling their old house," Romeyn says. "But when they do sell their old house, then suddenly they need something right away."—*J.S.* *(see page 32)*

GOOD BALANCE

The houses at Somerset are just 12 feet apart, but courtyard configurations give each residence its own private outdoor space while channeling more natural light into the interiors. Homes in the center of the site plan feature alley-loaded rear garages, while those around the perimeter are front-loaded. "Alleys are not particularly good when you're working with rolling land, but we've made it work and people really like it," says builder Steve Romeyn. "As a result, we've found that more people are willing to buy. And in this market, we are not trying to maximize price; we're trying to maximize sales."



PHOTO: DAN CARMODY

WOMEN-CENTRIC MARKETING

Chick Pick

Homes designed for women hit their mark.

IN THE PAST, BUILDING AND SELLING 20 to 25 homes in 12 months constituted a good year for Hugh Fisher. That was before 2008, when he sold a whopping 90 homes in nine months.

It wasn't a silver bullet that sent this small New England builder's contracts skyrocketing in spite of the worst recession in modern history. The strategy was more akin to cupid's arrow.

In late 2007, Fisher started to get his houses in touch with their feminine side. He began softening his design repertoire after attending a workshop held by Design Basics, an Omaha, Neb.–based consulting firm that provides "women-centric" stock plans, as well as design and marketing advice to builders hoping to win the hearts and wallets of female buyers. Design Basics (which, not surprisingly, is woman-owned by entrepreneur Linda Reimer) began licensing its "women-centric" logo in 2006 and now has more than 70 licensees—Fisher included.

For women, it's the little things that matter, and that's where Fisher began making tweaks to the house plans he'd always been able to build in his sleep. His basic formula remained the same for Deer Brook Estates, a 164-acre development slated to include 64 single-family homes and 66 age-qualified condos at build-out: four house plans with three different face-plate options. But to mix things up, he began *(see page 34)*

LOCATION: EXETER, R.I.

- **Community:** Deer Brook Estates
- **Total acreage:** 164
- **Date opened for sale:** January 2008
- **Product:** Single-family homes ranging from 1,600 to 2,000 square feet, and age-qualified single-level condos ranging from 1,350 to 1,700 square feet
- **Price range:** $340,000 to $450,000
- **Total number of units at build-out:** 130
- **Sales to date:** 101
- **Builder/Developer:** Deer Brook Development, Warwick, R.I.
- **Designer:** Design Basics, Omaha, Neb.
- **Interior designer:** Driftway Interiors, Casselberry, Fla.

HER WAY: Recent studies suggest that women influence more than 90 percent of home purchasing decisions. Builder Hugh Fisher is listening to the ladies and giving them what they want: small homes with serious style and serious storage.





2008

Induction cooktops set a new benchmark in cooking control; the technology is 90% energy efficient



2009 and beyond

Continuing to develop products that contribute to a sustainable future



2007

Established The Green Touch™ Program and Excellence in Sustainability Awards saluting sustainable builing projects

Announced a revised green-house gas reduction target of 6.6 percent by 2012





2007

Introduced The Digital Green™ Portfolio of online design tools and The Green Appliance Collection of energy- and water-saving appliances

DIGITAL GREEN™ PORTFOLIO



ENERGY STAR AWARD 2008 SUSTAINED EXCELLENCE

2008

Won our ninth award from ENERGY STAR®; nearly 600 ENERGY STAR® qualified appliances offered

2008

Whirlpool Gold® Resource Saver™ dishwashers are Whirlpool brand's most efficient ever, using 1/3 less water and energy; they also have an eco-friendly CEE Tier II energy rating

2001

Introduced energy- and water-saving Duet® washer and dryer pair



1970–1990s

From the first Earth Day, through the decades green got its roots, we were already working; in 1970, we opened a Corporate Office for Environmental Control; in the 70s, 80s and 90s, we helped craft energy and recycling laws in the U.S. and Europe



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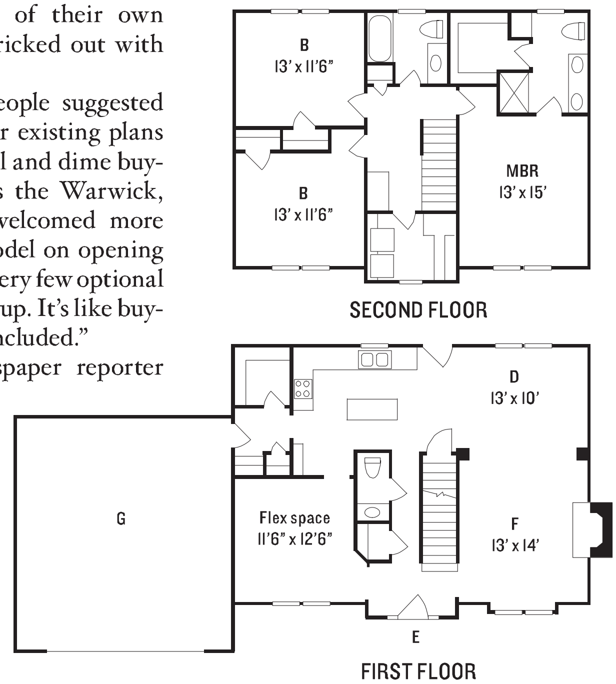
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experimenting with a variety of small indulgences in his first model. They centered around four themes: relaxation, organization, flexibility, and entertainment.

At just under 2,000 square feet, the first single-family model at Deer Brook proved modest in size but big on functionality, thanks to a host of sanity-saving features. Among them: a walk-in kitchen pantry with built-in shelving; a drop zone near the garage entry, complete with mail cubbies and an electronic recharging station; and a laundry room on the second floor (close to bedrooms) with additional shelving, storage cabinets, and a designated area for ironing.

Accessorizing also made the little house big on style and romance. Quaint outdoor features include optional stone driveway pavers, metal roof accents, wide porches, mahogany decking, a floral motif doorbell surround, and curved landscape lighting fixtures. The inside similarly displays a woman's touch with arched doorways, window seats, wide plank oak floors, antiqued bronze and brushed nickel fixtures, and custom cabinet pulls made by local jewelry designers. Fisher now allows buyers to spec up to three paint colors of their own choosing. All rooms are tricked out with 5 1/4-inch crown molding.

"The women-centric people suggested some minor changes to our existing plans and advised us not to nickel and dime buyers. They were right," says the Warwick, R.I.–based builder, who welcomed more than 250 visitors to the model on opening day. "Our homes now have very few optional features. We just load them up. It's like buying a Lexus. Everything is included."



It helped that a newspaper reporter caught wind of Fisher's plans and ran a preview story about Deer Brook Estates in late December 2007, shortly before the model opened. "The next day, on Christmas Eve, cars were coming through the gate in droves even though we didn't have the model finished," Fisher recalls. "Every day this went on, and some people came back three or four times. We started taking names and numbers so we could call them when the model was ready."



PERSONALITY POINTS: Little things such as paint colors, trim details, and lighting fixtures make a difference.

This move paid off. The model opened in January 2008, drawing more than 1,100 visitors the first month. "The first day, we had only released five homes, but we took seven deposits," Fisher recalls. "One woman called me on the phone wanting to buy a house; she had just come from a birthday party where a friend told her about it. Then a FedEx guy came by saying, 'My wife sent me.' "

Which brings up another important revelation about women, he observes. They talk to each other. A lot. "Our best salespeople are the people who have purchased from us," he says, noting that nearly every sale to date has come via word of mouth. "The waiting list still has 45 people on it. I can't build fast enough."

Granted, the shift in trade sequencing and cycle times has required some of the guys on the crew to step outside their comfort zones. "We had to train our subs to think women-centric," he says. "Sometimes you've gotta beat them over the head with a shovel, but they're getting there. In one of the condos, we took a fireplace down three times because the interior designer kept wanting to change something. That's how we've changed our way of thinking."

And although the attention to detail has increased the construction costs on each home by $10,000 to $15,000, Fisher says he's been able to raise prices to absorb that cost with no buyer resistance.

"Before, if I had two people come by on a weekend, my salespeople were excited. When hundreds of people show up at your model from a $75 ad and a newspaper story, you know you're onto something."

"I'm a typical cement-head builder," he says. "When buyers used to ask me, 'What color can I have?' my answer was, 'You can have off-white or off-white.' Not anymore. I've drunk the Kool-Aid. I'm in."—*J.S.*

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Star Bright

PART OF THE MANUFACTURER'S EVERLUME LINE, THE STARLITE chandelier is the first LED fixture to mount bulbs behind etched clear glass, instead of beneath, for direct illumination. It offers warm white light comparable to a standard 60-watt incandescent bulb and can last over 30,000 hours under normal usage. ■ **Cost: $1,186.50. Progress Lighting. 864-599-6000. www.progresslighting.com.**

Handle With Care

SANDING CAN BE HARD ON THE HANDS, BUT THE ZIP SPONGE Holder can help. The product features an ergonomic, soft plastic holder that grips a standard-sized sponge to keep hands safe from scrapes. It can be used for wet or dry sanding and comes packaged with four sanding sponges. ■ **Cost: $9.99. Ali Industries. 800-255-4748. www.zipsander.com.**

(see page 38)

Cover Up

THE CUT PROTECTION GLOVE protects hands from lacerations and abrasions that occur during construction. Made from a stretch yarn that features the strength and durability of Kevlar and steel, the glove offers up to eight times more protection than other gloves. ■ **Cost: $17.99 to $19.99. Ansell Limited. 800-800-0444. www.ansellconstruction.com.**







Close Cut

Rapid Shark is a multi-use utility knife that combines a pliers-style wire stripper, cutter, and crimper. A high-performance serrated blade has up to five cutting surfaces that reduce friction and stay sharp longer. It also has stripping holes for AWG 10 to 18 wires or for larger AWG six to 12 wires, depending on the model. The knife comes with five blades. **Cost: $25. Rapid Tools. 905-336-0553. www.rapidtools.net.**



Light the Way

This 12-volt well light offers a simple way to add lots of style to landscape design. Made with an adjustable tilting lamp, the fixture is made from injection-molded PBT composite and measures 4 3/4 inches wide with a 4 1/2-inch depth. It uses a 20-watt MR16 bulb and comes in black or bronze. **Cost: $144. Orbit/Evergreen Landscape Lighting. 800-906-7248. www.orbitelectric.com.**

Organic Growth

Natura is a new line of paints that contains zero volatile organic compounds, yet comes in 3,500 colors and a variety of sheens. Using a water-based formula, the product uses color additives that don't affect VOC levels. The premium-quality product is available in flat, eggshell, and semi-gloss as well as a primer. **Cost: $49.99. Benjamin Moore. 800-622-0550. www.benjaminmoore.com.**



Walk on It

Made from bamboo strands that are combined with earth-friendly adhesives, the Synergy floating floor installs quickly and easily. Though it is only 4 millimeters thick, it features a wear-layer of strand bamboo and a cross-ply bamboo core so it's stable and durable. Available in four colors, planks measure almost 8 inches wide and 72 inches long. **Cost: $6 to $8 per square foot (uninstalled). Teragren. 800-929-6333. www.teragren.com.**



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GREEN HOUSE

SUSTAINABLE DESIGN, CONSTRUCTION, PRODUCTS & SALES ■ EDITED BY RICH BINSACCA

Inside:



CLASSICG REEN: Creekstone relies on its location and what builder/developer Don Shepherd describes as distinct traditional architecture to get buyers interested, then wows (and hopefully closes) them with its high-performance features.

GREEN ACHIEVEMENTS

Volunteer Effort

Akamai Construction seeks the NAHB's National Green Building Certification for its 263-home community in Franklin, Tenn.

Franklin, Tenn., near Nashville, is known for its educated and high-income citizenry, a hotbed of achievers. So when the principals at Akamai Construction decided to develop and build a 263-home, mixed-type community on 51 acres there, they cleverly combined the sophistication of their target market with the rising concern over energy prices and general interest in eco-friendliness that such buyers typically possess. "What drives their buying decision is a superior product," says Akamai principal Don Shepherd. "They are excellent stewards of their investments and look for efficiency and performance."

From that demographic profile, Shepherd, along with business partner Ken Choate, mapped out the community, called Creekstone, to encompass 113 single-family homes, 42 townhouses, and 108 condominium units—all of which they plan to build to a Gold rating under the NAHB's National Green Building Certification Program. "The NAHB is gaining ground [on the LEED for Homes rating system] because of how they administer the program," says Shepherd. He and Choate will evaluate the ANSI-approved National Green Building Standard and rating system for the multifamily section once that program is established. *(see page 42)*

PHOTOS: LEFT: MIKE HICKEY; RIGHT: COURTESY ECR TECHNOLOGIES

Tax Boost

Homes with geothermal heating and cooling systems (GHPs), which leverage the Earth's constant temperature at certain depths as a thermal exchanger to lower operating costs and fossil fuel use, can earn their owners a tax credit under the Energy Improvement and Extension Act passed by Congress last fall as part of the economic recovery package. The one-time allowance permits a write-down of 30 percent of the total investment for residential ground loop or groundwater GHP up to $2,000 for a single residence. The system must



meet Energy Star requirements and be installed after Dec. 31, 2007 to qualify for the tax credit. Visit www.thomas.loc.gov.

Book Club

USGBC and Island Press have launched GreenWorks, an online book club that offers green building ▸

books as well as a forum for discussion and commentary about sustainability. A panel of leading green building experts select featured titles each month within its library. Books can be purchased through Island Press (www.islandpress.org/usgbc). USGBC members receive discounts including bulk-purchase rates. Visitors can also suggest potential titles, authors, and topics for future monthly selections.

Green Cover

An unfortunate but predictable by-product of the housing industry's drive to go green is the potential liability of making performance claims. "Before You Build Green: A Primer on Avoiding Liability Pitfalls" from the NAHB Building Products Issues Committee provides legal advice for home builders and remodelers about marketing, contracts, warranties, training, and compliance issues to help limit their exposure to liability while still building sustainably. Tips include making sure green components and technology comply with local building codes and avoiding language that promises the home will achieve a certain level of energy efficiency or cost savings. The brochure is available as a free download for NAHB members at www.nahb.org or by calling 800-368-5242, ext. 8291.

Going with the NAHB certification program, among more specific standards from the DOE, Energy Star, and a utility provider, not only helped the company deliver high-performance homes but also kept administration costs in check while Akamai spent a slight premium to build them. "To get to this level, you have to invest a little extra," says Shepherd, though he and Choate also saved some by acting as their own builder.

That being said, the company was careful not to spend its way out of the market. "Our strategy was not to get more than $10 a square foot more than the competition," says Shepherd, noting that homes at Creekstone—which opened for sales in mid-October 2008—are base-priced from $259,000 to $665,000 across all types.

To achieve its high standard of building performance, Akamai invested in advanced 2x6 framing methods, insulated corners and headers, sealed crawl spaces, and a reflective housewrap that also protects against moisture and air infiltration, among a menu of energy- and resource-efficient features per the program checklist.

To sell that package, which can only be upgraded with optional eco-features including solar panels, geothermal heat pump systems, and (see page 44)

DEFINING GREEN

Look for the Label

A leading green housing advocate creates a nutrition label for homes.

Architect Michelle Kaufmann has carved a neat little niche for herself in the green housing game by designing, building, and promoting prefabricated modular homes that offer a higher level of performance, resource efficiency, and sustainability.

Now, a recent white paper by Kaufmann calls for a universal sustainability labeling standard modeled after the Food & Drug Administration's Nutrition Facts label that's on every package of food sold in the U.S.

In the paper, Kaufmann asserts that a universal labeling system would help grow the green building industry by making it easier for home buyers to understand the environmental, health, and financial benefits of living in a green home. "Nutrition labeling allows consumers to purchase food according to the quality of its nutritional content," says Kaufmann, founder and chairwoman of Michelle Kaufmann Cos. "We want home buyers to be empowered with the same sort of information when it comes to making a decision about what house to live in."

Under her plan, all homes—green or not—would have the Sustainability Facts label, further enabling buyers to evaluate differences in homes' carbon footprints, energy consumption, and other factors.

Already, products that qualify under the federal Energy Star standards for energy efficiency, and windows and doors evaluated by the National Fenestration Rating Council are plastered with labels that, in part, list their energy-saving values.

Several recent consumer studies have shown, however, that home buyers desire green homes but lack understanding about what qualifies as green or how one builder's sustainability claims match up to another's. Kaufmann's labeling suggestion, she writes in the paper, would improve and increase consumer knowledge and result in an even greater boost in high-performance housing production.

The labeling system, she says, would also take the mystery out of the fragmented green certification programs initiated at the local, regional, and national levels. "Some are designed to evaluate the sustainability of an entire home while others evaluate just specific elements such as its energy efficiency," she writes. "The vast array of choices confronting green home buyers is confusing at best, frustrating and discouraging at worst."

Kaufmann proposes implementing the program as a pilot project to eventually be rolled out nationally, vowing to be the first developer to apply the label to new homes. To obtain a free version of the white paper, go to www.mkd-arc.com.—*R.B.*



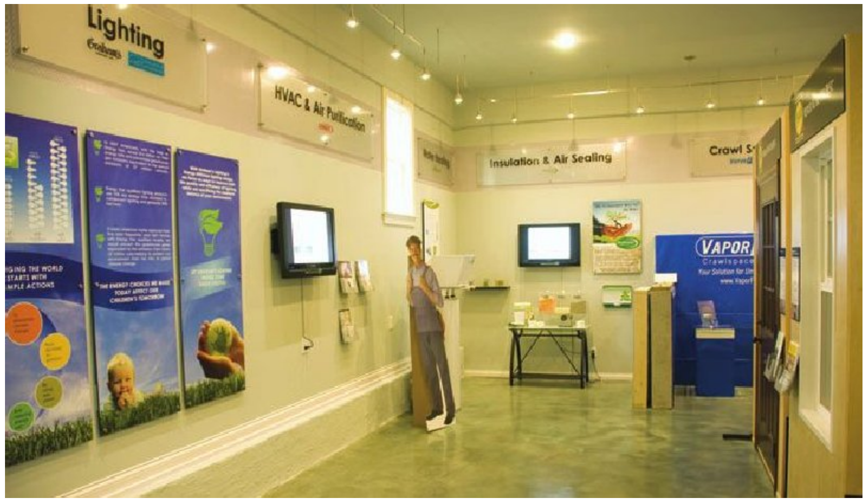
CARBONC ONTENT: Architect Michelle Kaufmann's sustainability label for green homes is the latest step to help home buyers discern the differences between an increasing stock of energy- and resource-efficient housing options.

COURTESY MICHELLE KAUFMANN


Delta

ultra-low-flow showerheads, Creekstone's single-family model features an educational center in its garage that educates potential buyers on the company's commitment to green building. "They enter the educational center first, before walking the model," says Shepherd. Once inside the home, buyers can then experience the features firsthand.

Already, Creekstone has generated enviable sales traffic, averaging about 25 visits a week, and recently started four spec homes to boost its marketing efforts. Shepherd says the homes' indoor air quality features ("no new-house smell"), air and moisture mitigation, and expectation of energy and maintenance savings resonate most with prospects. "We've raised the bar in this community," he says. "Green has allowed us to deliver on consumer needs better than the competition."—*R.B.*



MODEL OF EFFICIENCY: The garage of the project's single-family model home (which earned a Gold rating under the NAHB's green program) features a showroom that explains the builder's commitment to sustainable practices and housing performance.

MIKE HICKEY

Big D Directory

For a mere $30 per house (and just $15 after the first 200 homes), builder members of the HBA of Greater Dallas with homes certified under the chapter's independently verified Green Built North Texas (GBNT) program can post their projects online for consumers and others to search. "This provides us and our builders with the opportunity to build awareness of a legitimate, third-party program and of green-built homes among home buyers," says GBNT program manager Phil Crone. Within six weeks of its launch in August, the searchable directory, kept on the HBA's Web site, boasted more than 800 homes either completed (and certified) or under construction, with another 400 or so in the pipeline. The chapter will also post homes certified by the National Green Building Standard, once it is available, and the LEED for Homes rating system, and is affiliating with the NAHB to incorporate the national association's green building program into its own. To get a glimpse, go to www.greenbuiltnorthtexas.com/findgbnthome.htm.

GREEN FINANCING

Signs of Change

Do homeownership credits for solar energy signal the start of green mortgage lending?

Green mortgages, in which lenders presumably offer better mortgage loan rates or terms for homes that reduce resource use and related operating costs, are still on the drawing board as a way to attract and qualify potential buyers. But a few carrots are being sprinkled around to indicate that, as green building becomes more defined and commonplace, such programs may follow green building practices into the mainstream.

This summer, Wells Fargo Home Mortgage offered a new-construction solar home program that allows builders in California to transfer a rebate offered by the California Energy Commission's New Solar Home Partnership directly to buyers at closing, which they can use for the down payment or as a permanent interest-rate buy-down to lower their monthly mortgage payments. The offer applies to conforming and non-conforming loans for new single-family homes, including condominiums, that will be used as the buyer's primary residence. The rebate amount depends on the size of the solar system installed.

Meanwhile, Mortgagegreen, a green real estate finance company in Larkspur, Calif., is now offering what CEO Tomek Rondio calls the "first national green residential mortgage underwriting standard" for rating and funding sustainable construction. Available nationwide, the new standard includes a green building value rating system that Rondio envisions being adopted by the mortgage lending industry.

Mortgage loan experts are cautious, however. "Without the support or input of national underwriters or a consensus on how to put a value on green building, it's going to be difficult for other lenders and banks to support this program," says Bill Renner, the NAHB's director of single-family finance, who has been tracking both green mortgages and their precursor, energy-efficient mortgages, which have been around since the late 1970s without much fanfare to date. "At least they're thinking about green."—*R.B.*

UPlink

TO READ MORE STORIES ON GREEN BUILDING, GO TO WWW.BUILDERONLINE.COM/GREEN.

GOT GREEN PROJECTS, PRODUCTS, OR DESIGNS?

E-MAIL DENISE DERSIN AT: **ddersin@hanleywood.com**



Go to http://builder.hotims.com for more info

SALES STRATEGIES

TIPS AND TACTICS FOR SALES SUCCESS ■ EDITED BY PAT CURRY

MODEL MERCHANDISING

Dress for Less

Four top designers share their strategies for keeping the pizzazz for less cash.

MODEL HOMES HAVE LONG BEEN THE CENTRAL ELEMENT of the new-home sales process. And merchandising those models is designed to engage prospective buyers, help them envision living in the home, and show them the possibilities that are available with options and upgrades.

But with builders scrutinizing their budgets for every conceivable way to cut costs, it's not surprising that model merchandising often doesn't rank very high on the list of priorities.

Yet, it should. Nothing should be left to chance in the effort to connect with prospects, and model merchandising is something a builder can control.

We spoke with four nationally respected interior designers—Mary DeWalt, president of Mary DeWalt Design Group in Austin, Texas; Lita Dirks, president of Lita Dirks and Co. in Greenwood Village, Colo.; Kay Green, president of Orlando, Fla.–based Kay Green Design; and Doris Pearlman, president of Possibilities for Design in Denver—about what kind of model merchandising makes sense for 2009. Here are some of their thoughts:

SIMPLIFY

Today's decorating style is open, clean, and uncluttered. You may be able to give your models an updated look just by taking out some of what's already there or by replacing several small accent pieces with one larger, bolder piece.

The big benefit from this, DeWalt says, is that the less cluttered the merchandising is, the more the buyer will see the house. "You want them to leave saying, 'I love that house,' not 'I love those drapes.' Merchandising is really complementing the home."

Dirks suggests scaling back on window treatments and wallpaper, which are a high-cost area because they require materials, fabrication, and installation.

"In today's trends, drapery is very minimal anyway," Dirks says. "If you're designing homes that are newer looking, the windows are part of the beauty of the floor plan. Show them off and put an accent color around the windows."

RECYCLE

While some furniture may need to be replaced because it looks dated or has gotten shabby, there may be several pieces that can be reused. Pearlman has begun offering a new service called Renew, Refresh, Revive based on this concept. She completely changed the look of one model by changing the wall color from beige to a smoky blue, replacing the carpet with stone flooring ("You could also use wood," she says), installing a new mantel over the fireplace, and adding a new rug and two chairs. "We used the same sofa, left all the draperies, and left the dining room in place."

Master bedrooms are particularly easy to update, she says. "We did a job that won awards last year at the Boomers and Beyond conference," Pearlman says. "The builder wanted to reuse all the furniture. We updated the overall wall colors, added new bedding and a new headboard to the bed, and maintained everything else."

ENGAGE

Lifestyle theming has always been a valuable part of model merchandising to help buyers picture *(see page 48)*



SIMPLY DRAMATIC: Eliminating drapery from the windows in this family room increases the impact—and saves money.

COURTESY EL IMAGERY

themselves living in the house. Children play a tremendously important role in the home buying decision, DeWalt says, and their rooms can be merchandised fairly simply. "You can do wonderful decals or use a chalkboard paint and write sayings on the walls or draw pictures." Dirks recommends playing up places for pets, cozy reading corners, and "reminders of more confident years they've had that will make them feel those times will come again."

As Green points out, "If we can get them to stay in the house longer, we have a better chance of selling them." Installing a Wii gaming system or a karaoke machine in a bonus room are easy—and inexpensive—ways to accomplish that.

BE SELECTIVE

Our expert designers had differing opinions on the subject of whether or not it's okay to leave some rooms in a model unmerchandised. They've done it when they've been asked, but it's certainly not ideal.

"We have participated in partial models, where you do the main rooms you see first—the entry, the great room, and the master suite—and everything else is barren," Dirks says. "I'd rather do the whole model in a much simpler fashion. I'd eliminate the drapery from the windows before I'd encourage a partial model."

DeWalt's preference is to scale down on the furnishings and dial up the color. "You have to grab buyers as soon as they come in the door," she says. "Nothing can do that like color. We like to do a punctuation wall to make them smile as soon as they come in. Every room has to have that."

For builders who just don't have the cash for a fully merchandised model, Pearlman is offering her customers a limited design service called The Essentials that focuses on a floor plan's focal points and leaves some rooms, such as secondary bedrooms, bare except for flooring, paint, and window treatments. "We're targeting the areas with emotional triggers," Pearlman says.—*P.C.*

Boomers on Facebook

If you think Facebook and MySpace are just for teens and college students, think again. A new "Entertainment Trends in America" study by market research firm The NPD Group in Port Washington, N.Y., found that 41 percent of baby boomers have visited social networking sites and 61 percent have been to sites with streaming or downloadable video. Overall, 57 percent of Web users across all age categories surveyed had used social networking sites within the past three months. Boomers who had visited the sites averaged eight visits in that time period. Some builders are taking advantage of the trend by creating their own Facebook profiles. Lennar, for example, has profiles for all of its divisions.



MARKETING CASE STUDY

Hangin' with Hailey

First-time buyers respond to an innovative Web campaign.

Hubbell Homes in West Des Moines, Iowa, recently saw just how powerful Facebook, paired with a blog, can be. It used the enormously popular social media Web site to drive an innovative—and inexpensive—marketing campaign for GreenWay Crossing, a brownstone, mixed-use community geared to young professionals.

A year ago, Hubbell Homes was having trouble creating interest in GreenWay. Marketing director Rachel Flint says that there's significant competition in the townhome category in Des Moines and GreenWay Crossing "wasn't even a blip" on the search term reports for Hubbell Homes' Web site.

Flint, who says she'd been "getting harassed" by some friends because she didn't have a profile on Facebook, came up with the idea for a character to represent GreenWay Crossing's target buyer. The result was Hailey Brownstone, whose persona was a young professional who had moved from Chicago to Des Moines and was in the process of buying her first home.

"We got very deep with this—the type of food she likes, where she goes to socialize, what TV shows she watches, and put this all on her Facebook page and blog," says Mollie Elkman, account executive with Hubbell Homes' ad agency Philadelphia-based Group Two Advertising and Marketing, who served as the face and voice of Hailey for the campaign.

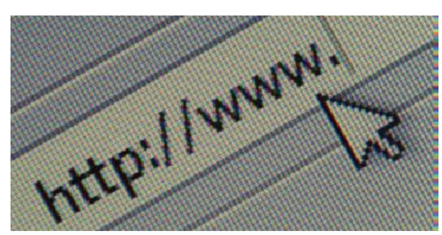
Both the blog at www.HaileyBrownstone.com and the Facebook page made it clear that the character wasn't a real person but a representation of the target buyer. The posts were written by 27-year-old Jarad Bernstein, a public relations specialist for Hubbell Realty.

"We wanted to make it believable," Bernstein says, "but we also wanted to make sure people knew it wasn't a real person."

Still, the campaign *(see page 50)*

Eyes on Video

Search engine optimization (SEO) is an important part of any builder's online marketing strategy. So, new-home marketing directors need to pay attention anytime Google statistics indicate a new trend in what Web surfers are looking for online. Recent statistics from comScore, the Internet's equivalent of TV's Nielsen ratings, reported that video search requests on YouTube account for a fourth of all Google search queries in the U.S. More searches are done through YouTube than through Yahoo!, comScore reported. Google continues to dominate the market in core search activity (not including video, map, or image searches); it holds a whopping 63.5 percent market share. The bottom line? Builders should consider incorporating videos into their Web sites and continue to pay attention to whatever Google Analytics is measuring for SEO.



drew some criticism from local bloggers, who debated whether it violated the unwritten rules of social media about pretending to be someone you're not. The response from target buyers, however, was completely positive. "They totally got it," Flint says.

Print and 15-second radio and TV ads—very targeted buys based on the favorite media of the prospective buyers at GreenWay Crossing—all drove traffic not to Hubbell Homes' Web site but to HaileyBrownstone.com and to her Facebook page.

That runs counter to traditional wisdom, which says that all a builder's marketing efforts should drive traffic to its Web site. But the team at Hubbell Homes knew that the target buyers for GreenWay Crossing knew their way around Facebook and the blogosphere and would feel comfortable there. It also made tracking the effectiveness of the campaign a snap.

"Being able to track visitors to our Web site from HaileyBrownstone.com gave us much more effective return on investment," Flint says. "The people who left her site and clicked through to Hubbell Homes spent the most time on the site and looked at the most pages. They were serious."

Another huge benefit of the campaign was affordability. It's free to use Facebook, blogging, and YouTube, where viewers could watch a video of Hailey showing guests around her new home. Hubbell Homes also negotiated free production on its TV and radio ads.

The culmination of the four-week campaign was an on-site sales event promoted as Hailey's housewarming party. Unlike the typical weekend open house, this was a Thursday night party with tapas, sangria, and a disc jockey. It drew more than 50 people on a snowy night during the busy holiday season.

"It was a good house party, that's for sure," Flint says. "It was geared to how that demographic parties. It didn't feel like a huge sales push to them. It gave us a great opportunity to show off the community to people who might not have heard of it before. The homeowners were thrilled. They said, 'You're attracting the type of people we want to live here.'"

As a result, GreenWay Crossing went from being an unknown location to the fourth most popular search term on Hubbell Homes' Web site. Site traffic went up 36 percent over the same time the previous year, and four brownstone sales—both at GreenWay Crossing and another community—were attributed to the campaign.

The campaign went so well that Hubbell Homes is considering a second phase, which will be a referral program for Hailey Brownstone's friends. And the builder is getting requests from residents at its other communities. They want characters for their neighborhoods, too.—*P.C.*

Happy Anniversary!



Marketing pros know that personalized messages carry a lot more weight with prospects than generic mass mailings. That's why many builders require sales associates to send handwritten thank you notes to every visitor and why so many companies send birthday greetings to customers. In a recent ClickZ.com article on birthday greetings by digital marketing pioneer Jeanniey Mullen, one commenter suggested that salespeople substitute a greeting that's more unique to a customer's sales experience. New-home sales associates have the perfect date to commemorate: the day their buyers moved into their brand-new home. As always, include a business card and ask for referrals.

SALES TRAINING

Tools for 2009

Myers Barnes offers a book, free videos, and a blog.

Over the years, thousands of new-home sales associates and sales managers have attended Myers Barnes' seminars. He's built a base of builder customers who hire him for consulting, and sales pros who subscribe to his blog. A big part of his process involves scripting to address just about any objection a prospective buyer might have. Barnes has collected "every possible, conceivable script and dialogue," updated them to apply to current market conditions, and put them together in a new manual called *New Home Sales in a Nutshell: Scripts for Success in a Challenged Market*. There's also a section on negotiating.

Barnes says he knows that a lot of people don't like using a script, but says in reality, "they just don't believe in someone else's scripts. Your presentation is scripted. What is sales training? It's knowing what to say and how to respond in given situations. That's scripting."

Organized into sections of the sales process, from meet and greet to follow-up, the book is "a ready reference manual to be kept on the desk," Barnes says. "If I've got an upcoming appointment, [the prospect] is probably going to say, 'I need to sell my home.' What do I say? Whatever the scenario is, it's in the book."

Barnes also has taken his entire two-day seminar, broken it into 28 YouTube videos, and posted them online. Between that and the 100 sales training blog posts he'll do this year, it's a year's worth of sales training available for free.

"People tell me they don't have the budget for training," Barnes says. "For this year, it's free. I've been so blessed; I'm booked through November. So I'm giving it all away, except the book; and if they really don't have the money, I'll give them the book, too. I believe we can make such a significant contribution to the industry. It can generate a turn-around if [sales associates and managers] will follow it."

And if anyone isn't successful in 2009, they only have themselves to blame, he says.

"For goodness sakes, take advantage of it," he says. "There's no excuse now. You're either a lackadaisical manager or a salesperson without the drive and ambition to succeed."—*P.C.*

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GOT A SALES TIP?
E-MAIL PAT CURRY AT:
pcurry@hanleywood.com

ENVIRONMENTS FOR *Living*®
CERTIFIED GREEN

A PROGRAM OF MASCO HOME SERVICES, INC.

Green. It's good for your community. And it's good for your business.

The *Environments For Living*® program assists builders with solutions and standards, bringing homebuyers tangible benefits including limited guarantees* on comfort, and heating and cooling energy use. Learn more about it in this special supplement.



IT'S MORE THAN A HOUSE,
IT'S A SYSTEM

*See the guarantee for complete details and limitations.



BUILDING BETTER WITH BUILDING SCIENCE

MAKING THE CASE *for* BUILDING GREEN HOMES

Green building is growing exponentially. Builders and consumers are being driven to explore options in green building because of increases in energy costs, concern over environmental impact, and increased awareness about issues like indoor environmental quality. In addition, builders in a difficult market are looking for strategies to create a competitive advantage by differentiating their homes. Among some recent findings that showcase the growth of green building:

- The American Institute of Architects found that the number of American counties with green building initiatives has increased by nearly 400 percent since 2003.
- McGraw-Hill estimates the green building industry will be worth $60 billion by 2010.
- According to the Energy Information Administration's short-term energy outlook published Sept. 9, 2008, heating fuel expenditures are expected to increase over time.
- According to the Fourth U.S. Climate Action Report (2007), carbon dioxide emissions increased nearly 20 percent between 1990-2004. The mass media is daily urging consumers to seek ways in which they can reduce their carbon footprint.

DEFINING GREEN BUILDING

Green building is sliced and diced different ways by various organizations that promote or certify green buildings. But there's one common thread that's shared by virtually all programs and experts: building science. Fundamentally, a building must be designed and built to perform as a system and must take into account a multitude of individual performance characteristics in order to perform well as a whole. To be a green building, it must perform against specific performance standards. In other words, the performance must be real and measurable.

The *Environments For Living Certified Green* program has measurable performance metrics. It includes requirements in five of the six primary components of most green building initiatives – energy efficiency, resource/material efficiency, water efficiency, indoor environmental quality, and homeowner education. The one green building component not addressed in the program – because it is prescriptive and not a points-based checklist program – is site planning. This means builders who choose the *Environments For Living Certified Green* program can add site planning and easily meet the requirements of most local green building programs and/or a national program such as the National Association of Home Builders' (NAHB) Model Green Home Building Guidelines. Builders who wish to achieve one of those certifications, or the U.S. Green Building Council's LEED for Homes program, are invited to contact our staff to determine how they can best fulfill the requirements of the *Environments For Living Certified Green* program, plus the local or national certification of their choice.

GREEN STARTS WITH ENERGY

Joseph Lstiburek, Ph.D., P.Eng., a principal of Building Science Corporation

"For as long as people have been building shelter, we've looked at buildings in the context of what nature does to them,"

says Ron Jones, founder of GREEN BUILDER and editor of Green Builder Magazine. "It's only in the past few decades that we have really started to seriously look at it from the other direction and to examine the effect that buildings have on nature — not just individually, but collectively. As human population expands dramatically, we have to look at our built environment, the resource drain that it creates — not just materials used to build, but operationally. We have to examine all the other elements — indoor environment, quality, the waste stream, water — and of course we can't have any of this discussion without talking about energy. These issues combined help us understand how much impact we have on the environment."



"Green sells homes, but it has to be real. The *Environments For Living* program sells homes."

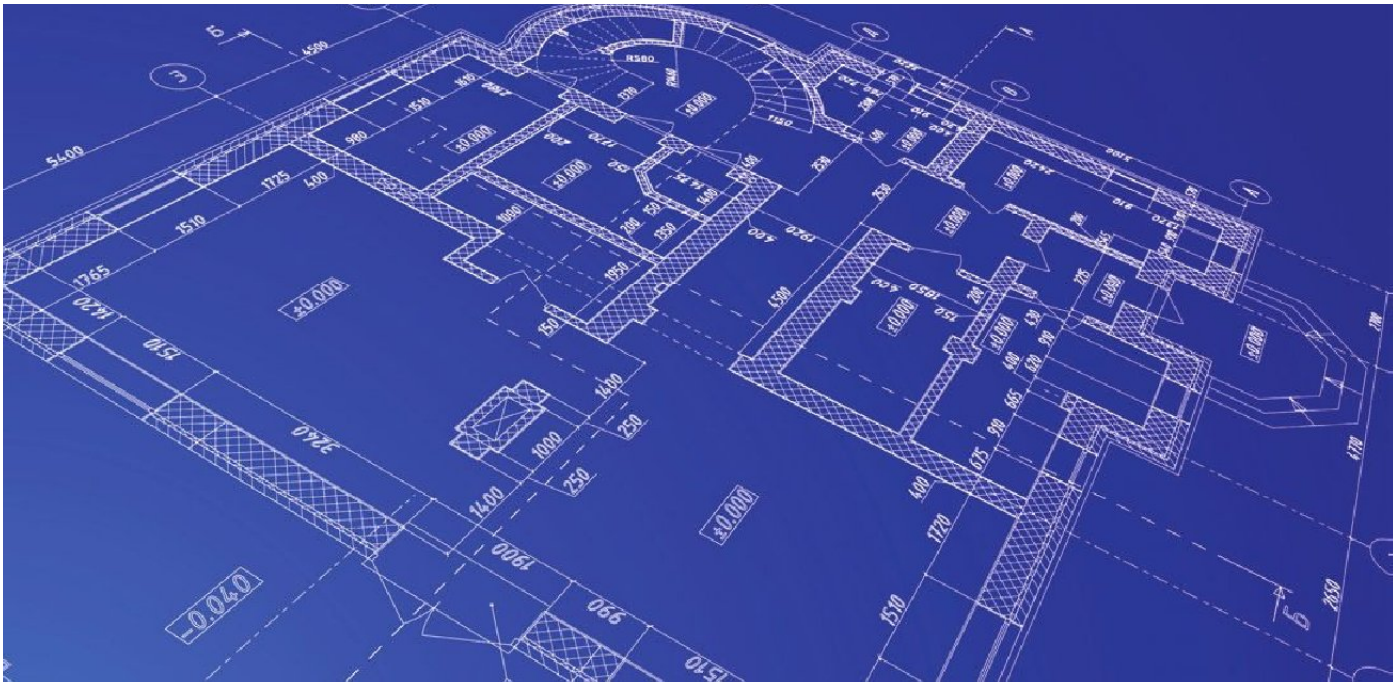
–DR. JOSEPH L. LSTIBUREK

and an internationally renowned building scientist, believes green building is, first and foremost, all about energy. "Eighty percent of all environmental damage on the planet deals with energy in one way or another — finding it, transporting it, creating it, or using it," says Dr. Lstiburek. According to him, green building efforts must focus on three key areas: energy efficiency, water efficiency, and material efficiency. "Of the three topics, I think energy is 80 percent of the deal. If you want a green, sustainable building, you have to keep your eye on the priorities. It has to be ultra energy-efficient first, then water-efficient, and then material-efficient."

Dr. Lstiburek states: "The main benefit to the builder to actually provide a demonstrably green building is that the builder gets to sell a house that the public wants to buy. Green sells homes, but it has to be real, because the public is savvy enough to sort through what's real and what's not." Additionally, he notes that while the *Environments For Living* program may not bring the customer through the door, it closes the deal. "That's a huge benefit. The *Environments For Living* program sells homes. And the reason it sells homes is that it gives builders credibility they wouldn't otherwise have."

Dr. Lstiburek says he has seen some builders struggle unnecessarily to meet the air tightness and duct tightness requirements of the *Environments For Living* program. "If you've been focused on building appearance and you have to shift your focus to actually delivering a building that works, those performance specs aren't easy. But they become easy once you've got your systems in place to deliver them. It's an entirely different way of looking at how you put the building together." In other words, says Lstiburek, for some builders "it ain't easy being green" – but not to those who are open to change.

PERFORMANCE-BASED BLUEPRINT *for* SUCCESS



Since 2001, the *Environments For Living* program has assisted builders in improving energy and environmental performance, comfort, and durability of their homes. The turnkey, prescriptive program provides builders with a complete solution for high-performance building, including plan review, field-testing, training, certification, and powerful marketing tools. Because the *Environments For Living* program is performance and not product-based, any product, system, or strategy may be used as long as it meets *Environments For Living* program requirements, allowing builders maximum flexibility.

"What I really like about [the program] is the systematic approach — not just looking at a product or product types in isolation — but in relationship to all of the other elements of the house," says green building expert Ron Jones. "It's critical to making sure that you don't create a set of new problems to replace the ones you're solving. The fact that the *Environments For Living* program is a response to these [green building] issues that come from the manufacturing sector is unique."

The basic specifications of the original *Environments For Living* program focus on the performance requirements in the following areas:

- Framing
- Thermal envelope
- Air sealing
- Pre- and post-drywall practices
- Mechanicals
- Ducts
- Ventilation
- Pressure balancing
- Carbon monoxide detection
- Moisture management
- Testing protocol and frequency

The *Environments For Living* program offers two primary levels of energy performance: Gold (15 percent more efficient than IECC), and Platinum (30 percent more efficient than IECC). The program is intended to be synergistic with other performance-based programs. Gold energy-level homes also qualify as ENERGY STAR® homes, and Platinum homes may qualify for an innovative program of the U.S. Department of Energy called the Builders Challenge. The Builders Challenge program seeks to highlight homes in the market that meet or exceed a 70 on the new EnergySmart Home Scale, a consumer-focused rating scale based on the Home Energy Rating System. Participation in the program may allow the builders to qualify for the $2,000 Federal Tax Credit for Energy Efficiency.

Says Christine Barbour with Newport Partners LLC, who manages the Builders Challenge initiative: "The partnership has been created to allow builders who meet the Platinum level of the *Environments For Living*

PUTTING THE "G" IN GREEN:

Homeowner Limited Guarantees*

In addition to providing guidance and tools to builders on how to achieve high-performance homes, the *Environments For Living* program and the *Environments For Living Certified Green* program provide limited guarantees on comfort and energy used for heating and cooling. This allows builders to send the message to prospective buyers that the home will perform to the expectations of the program — a unique benefit that no other national green building program offers. Dr. Lstiburek is quick to point out that at all levels the *Environments For Living* program "delivers because it has a guarantee, and the guarantee is coupled to measurable, verifiable metrics. You can't run, you can't hide. It either meets it or it doesn't. As simple as that sounds, that's very special about this program."

The comfort guarantee ensures the original homeowner that the temperature in the home (as measured at the location of the thermostat) will not vary by more than three degrees from the temperature at the center of any room within that thermostat zone. If the comfort guarantee is not satisfied, Masco Home Services will assist the builder in identifying and resolving the comfort issues. The heating and cooling guarantee promises that the energy used to heat and cool the home will not exceed the "guaranteed usage" for the specific home. If the actual usage exceeds the guaranteed usage, Masco Home Services will reimburse the homeowner 100 percent of the cost difference between actual and guaranteed usage.

* See guarantee for complete details and limitations.

"With the *Environments For Living* program, the building is a lot more durable and comfortable, meaning a huge reduction in warranty callbacks. Sure, you save energy, but by the way, you're dramatically reducing your own risk."

–DR. JOSEPH L. LSTIBUREK

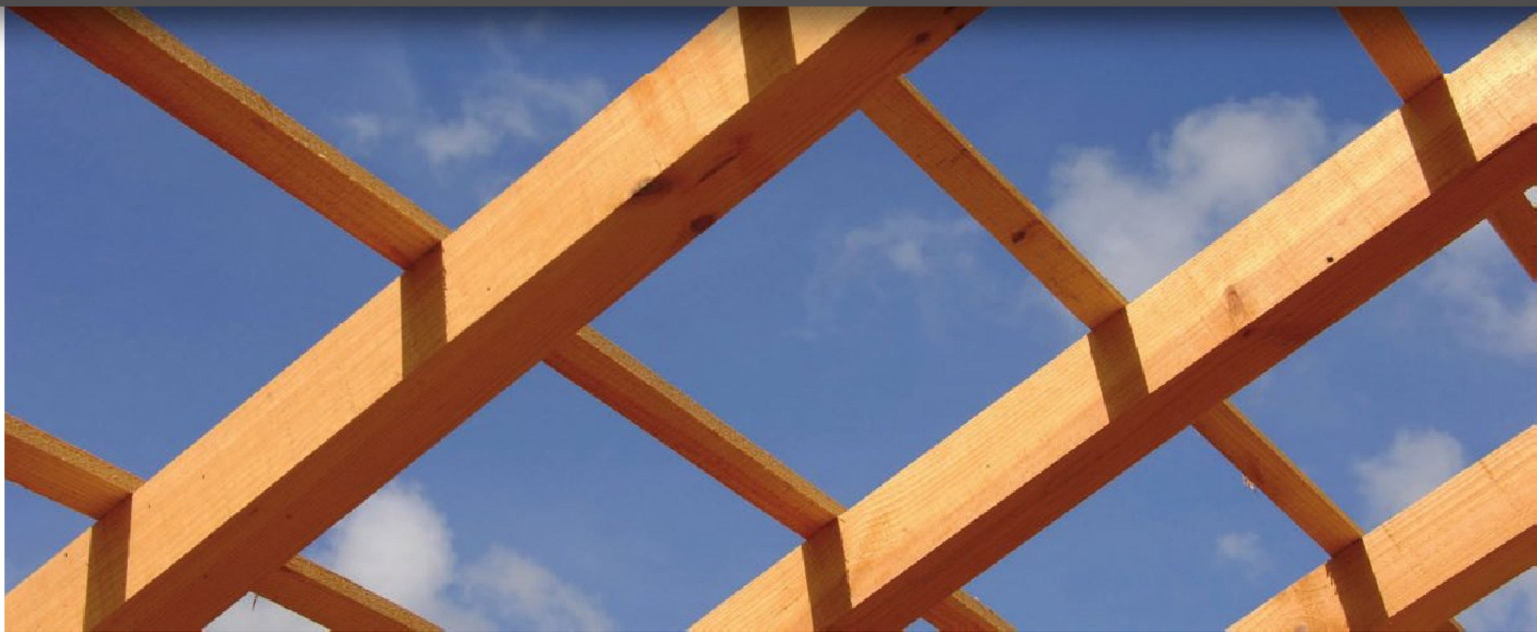
program to easily take advantage of the added benefits of participation in the Builders Challenge."

Beyond Gold and Platinum levels, the flagship *Environments For Living Certified Green* program assists builders in building homes that, at a minimum, reduce energy use by 20 percent as compared with the 2006 International Energy Conservation Code (IECC) and reduce internal water usage by 20 percent and reduce carbon emissions by at least 20 percent as compared to a conventionally built home.

With the benefits of participating in the *Environments For Living* program come serious responsibilities on the part of the builder to ensure that homes meet the requirements of the program and expectations of homeowners. When builders sign on to build *Environments For Living* homes, they commit to ensure that the homes are designed and constructed to meet the program requirements, and ensure that all subcontractors understand and meet their specific responsibilities. These requirements help realize the benefits that all builders are aiming toward: fewer call backs, less risk, and higher customer satisfaction.

According to Dr. Lstiburek, a key benefit of participating in the *Environments For Living* program is reducing risk associated with problems that might otherwise arise in a home constructed to conventional building codes. "At the end of the day," says Lstiburek, "not only do you get an energy-efficient building, but you get other collateral benefits. The building is a lot more durable and comfortable, meaning a huge reduction in warranty callbacks. Sure, you save energy, but by the way, you're dramatically reducing your own risk."

ENVIRONMENTS FOR *Living*®
CERTIFIED GREEN



BUILDING *and* SELLING HIGH-PERFORMANCE HOMES

Today's new homebuyers want resource-efficient homes with all the benefits of utilizing advanced building techniques. And that's exactly what the *Environments For Living Certified Green* program can help builders deliver. This turnkey program is the most comprehensive of its kind, giving builders an edge in selling homes and offering tangible benefits that can be passed on directly to buyers.

HOW TO GET STARTED

It's easy to get started using the *Environments For Living Certified Green* program. It begins with a plan review of the home or homes the builder intends to build. The plan review provides the builder with:

- an energy performance analysis of your home plan(s) under the *Environments For Living* program;
- a comparison of the way your home plan(s) will perform under the *Environment For Living* program requirements and the identification of and changes necessary for your home plan(s) to conform to the program requirements;
- an estimate of the costs required to meet the program requirements;
- a heating and cooling energy usage estimate; and
- an estimated amount of carbon emissions that will be reduced under the *Environments For Living Certified Green* program.

The *Environments For Living Certified Green* program staff is available to assist builders in preparing the plan input sheet, as well as help locate qualified and certified subcontractors. Once the plan review is completed and builders understand what they need to do to fulfill the program requirements, the job and specifications are ready to go out for bidding.

ONLINE EDUCATION

Building a high-performance, resource-efficient home isn't difficult, but builders may need more than a checklist to get there. Many builders begin by getting advanced training in building science, both for themselves and key members of their own organizations. Masco Home Services can assist with this through an exclusive arrangement with Green Builder College™, a Web-based initiative from the publishers of Green Builder® magazine. The five-course *Environments For Living Certified Green* educational track within Green Builder College offers a unique opportunity for builders and subcontractors to learn the science behind high-performance, resource-efficient construction. The course offers specific training in applying the principles of building science on the job site – and the reasons behind it. Because it was developed with proprietary content from the *Environments For Living Certified Green* program, this online learning experience provides a solid grounding in building science and the tools and understanding to follow the program's requirements.

SALES AND MARKETING

Builders using the *Environments For Living Certified Green* program also have the opportunity to take advantage of sales force training and field training and consultation offered by the program.

Marketing materials include appealing, consumer-focused materials that promote

Cracking the Code: Selling Green

More builders are incorporating resource efficiency and building science into their homes, and using certification programs to verify performance. But translating this to sales is a challenge because many "green" features are things people can't see or touch. Some builders have become adept at this, but many admit they're looking for better ways to sell the intrinsic features of a home.

For one thing, building science and home performance are new ideas, at least to the consumer. Builders have been "selling the obvious" for a long time. Here are tips from some who have cracked the code:

Green means different things to different people. For some it's "pocketbook" issues, while others care more about their carbon footprints. Probe to learn what their hot buttons are.

Be ready to delve into their concerns. Energy usage is important, but comfort may be a bigger attraction, particularly if they've experienced problems in the past. Or indoor environmental quality. Modify your message based on what people care about.

Close with the performance message, don't lead with it. Technical features and performance will reinforce why consumers should choose your home, once they become interested. You have to connect emotionally with a car before you're interested enough to hear about the engine. Same thing with a home.

Sell features and benefits, not just "how you built it." Of course you want to educate your sales staff and realtors about how you built the home, but they in turn need to translate this to how it benefits the homeowner.

Show them, don't tell them. Any story is easier to tell with pictures and demonstrations. Use cutaways to show what's behind the walls. Model home displays that offer a glimpse of what's inside and "how things work" make it real, more understandable and memorable.

Give them homework on the way out. You only have a few minutes of the prospect's time. Offering more information as they leave is a great way to send them home with the details. And food for thought.

As energy costs escalate and attention is focused on the environment, builders may find that consumers are increasingly receptive to learning more about home performance. Getting ahead of the trend will be a competitive edge for those who figure out how to effectively sell these features now. It is all about increasing quality to reduce call backs and increase customer satisfaction.

the program benefits, and a homeowner package is provided for builders to give to their homeowners, including:

Heating and Cooling Energy Use Guarantee*

Each home receives a limited guarantee on the energy used to heat and cool the home.

Comfort Guarantee*

Each home receives a limited comfort guarantee stating that the temperature at the location of the thermostat will not vary more than three degrees from the center of any conditioned room within a zone.

Homeowner Manual

Manuals are provided to help new owners understand the extraordinary qualities of their new homes and provide recommendations for optimal performance.

Certificate of Compliance & Emissions Statement

Homes built under the *Environments For Living Certified Green* program are issued a certificate stating that you have committed to construct the home according to the *Environments For Living Certified Green* program standards, an estimate of the reduction of carbon dioxide emissions attributable to the home.

Model Home Displays

Builders using the *Environments For Living Certified Green* program can take advantage of special display options, including use of our electronic home tour in model home displays.

*See the guarantee for complete details and limitations.

PRODUCTS

PRODUCTS AND TOOLS EVERY BUILDER SHOULD KNOW ABOUT ■ EDITED BY NIGEL F. MAYNARD



CHEMICAL FREE: EcoBatt fiberglass insulation is made with a new ECOSE binder that improves the sustainability of the product. In addition to reducing embodied energy, the binder contains no phenol, formaldehyde, acrylics, or artificial colors. The insulation is made from 30 percent post-consumer recycled glass and sand. ■ **Knauf Insulation. 800-825-4434. www.knaufinsulation.us.**

SPRAY ON: The latest addition to the company's insulation lineup, CertaSpray polyurethane foam comes in open- and closed-cell versions. The spray-in product completely seals wall cavities, creating a tight seal against air and moisture infiltration. In addition, it helps create a super-efficient building envelope and reduces energy use. ■ **CertainTeed. 800-233-8990. www.certainteed.com.**



Tighten Up

How good is the insulation in your homes?

Once upon a time, the average house was poorly insulated or it had no insulation at all. Today we know better. We've realized just how important insulation is for creating an energy-efficient house.

"With energy costs rising and energy sources diminishing, conservation is critical for our earth's future," says Scott Miller, director of public affairs and sustainability at Shelbyville, Ind.–based Knauf Insulation. "Insulating buildings is the single most important factor in ensuring a sustainable future."

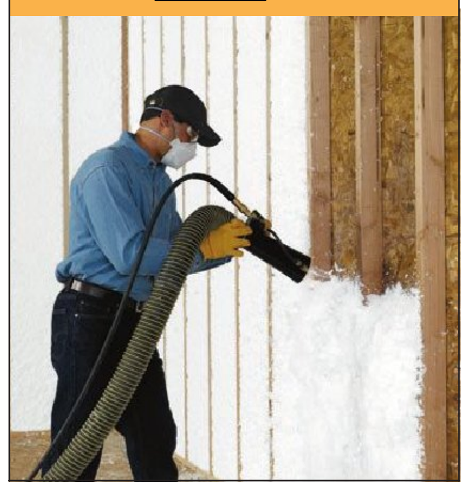
The question, however, is whether or not today's builders are insulating their houses with the newest technology or doing what they've always done.

When it comes to insulation, builders and architects have their favorites. Most stick to fiberglass batt, the dominant product in the category; but in recent years, other options have emerged such as cellulose, foam, natural fiber, wool, and most recently blow-in fiberglass.

Manufacturers say there is a reason that builders choose fiberglass: "It offers the most features and the most benefits," says Miller. "It's made from an inert material, doesn't burn, and is available in a wide variety of R-values, from R-13 to R-22."

Architect Ken Wilson in Washington, D.C., is a fan of fiberglass' cost and performance, especially the formaldehyde-free version from Denver-based Johns Manville. But for others, *(see page 60)*

SPIDER'S WEB: Offering the benefits of blow-in insulation and the value of fiberglass, Spider seals wall cavities and attic spaces to stop air leakage and infiltration. It also increases the overall energy efficiency of a house. The product is free of formaldehyde and high in thermal efficiency. ■ **Johns Manville. 800-654-3103. www.jm.com.**



fiberglass no longer supplies the kind of energy performance they desire. Architect John Dennis Murphey, for example, used to spec his homes with 2x4 studs and fiberglass insulation. He no longer does so. The problem, Murphey says, is that fiberglass batts do not completely fill wall cavities and leave too many spaces where air infiltration can occur.

"We're in an area [of the country] where you don't know what it's going to be outside," says Murphey, principal of Chevy Chase, Md.–based Meditch Murphey Architects. "We're in the middle, so it could be cold, rainy, or hot and humid." For this reason, Murphey switched to 2x6 studs in the 1980s, and he started using closed-cell foam insulation about a year ago. Murphey favors foam because it offers high-insulation value, tightly seals wall cavities, and prevents air leaks. "Leaks bring in humidity, and humidity brings in lawyers," he says.

Foam creates a superior air seal, which minimizes air leakage to deliver advanced moisture control, healthy air, and energy savings of up to 50 percent, says Ontario, Canada–based foam manufacturer Icynene. Valley Forge, Pa.–based CertainTeed, which recently added a foam product to its lineup of insulation offerings, says foam minimizes hot and cold spots and provides outstanding comfort.

But foam is an expensive option, though architects who use the product say the energy savings pay for the extra cost. It's also a petroleum-based product, the manufacture of which contributes to greenhouse gases, says Miller. "Petroleum-based [insulation] products have no future."

In recent years, blow-in cellulose has become popular, and many architects believe it's a good alternative to fiberglass and foam. Architect Angela Dean, principal of AMD Architecture in Salt Lake City, is a fan. Dean specifies her walls with 2x6 framing and blown-in cellulose (she uses foam if the budget permits). "By code, you can still get away with 2x4 framing [and fiberglass], but it's not a good idea," the architect says.

Jenison, Mich.–based Nu-Wool says its environmentally friendly cellulose insulation is made from recycled newsprint and offers a 40 percent savings on energy bills.

Johns Manville says it has developed the ultimate insulation product, Spider. Offering the performance of a blow-in product and the value of fiberglass, Spider increases R-values and completely seals the nooks and crannies where air leakage and infiltration may occur. The company says Spider is the product the industry has been waiting for.

"Builders are increasingly seeking insulation products that provide minimal insulation gaps and voids to help them build more energy-efficient homes," says Tony Fonk, residential channel leader for Johns Manville. "In addition, they are demanding systems that allow quicker and easier installation, fewer callbacks, and reduced risk of mold and mildew."

No matter what insulation you choose, there are a few things to remember. Installation is key. The product must completely fill the wall cavities, architect and building scientist Peter L. Pfeiffer explains. Pfeiffer, principal of Barley & Pfeiffer Architects in Austin, Texas, says the home building industry must not think simply about insulation but should instead think in terms of "total wall efficiency" based on regional climate. Because almost all homeowners in every region of the country use air conditioning in the summer, the house has to be tight and efficient to contain the cooling, he notes.

Lastly, Miller says, ignore the building codes. "We're not a proponent of insulating to code," he says. "You should do as much as possible during new construction. Doing it later will only cost more." *(see page 62)*



FIBERO PTIC: UltraTouch is a Class A fire-rated natural cotton-fiber insulation that is made from 85 percent post-industrial denim and cotton fibers. The formaldehyde-free, unfaced batt product is itch-free, easy to handle, and requires no protective clothing to install. The borate-treated product also inhibits insects, mold, and mildew. ■ **Bonded Logic. 480-812-9114. www.bondedlogic.com.**



NEWS PRINT: Nu-Wool premium cellulose insulation is made from recycled newspapers. Sprayed into wall cavities and attic spaces, it provides a 40 percent savings on energy bills. The nontoxic product is fire resistant, moisture absorbing, and mold resistant. It's also good for creating a noise-resistant building. ■ **Nu-Wool. 800-748-0128. www.nuwool.com.**

GOT A NEW PRODUCT?
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nmaynard@hanleywood.com

UP link // FOR MORE PRODUCT INFORMATION, VISIT EBUILD, HANLEY WOOD'S INTERACTIVE PRODUCT CATALOG, AT WWW.BUILDERONLINE.COM/PRODUCTS OR EBUILD.COM.

Less is More

A new generation of faucets makes conservation painless.

On average, Americans use over 70 gallons of water a day per person, and government officials and green building advocates say this rate of water use is a cause for concern.

Much of that usage stems from bathroom activities. For example, water flows from a standard showerhead at 2.5 gallons per minute (gpm), so a 10-minute shower (with the water running continuously) nets 25 gallons. Count the running water used while people are brushing their teeth or shaving and you get an idea of the magnitude of the problem. Fortunately, manufacturers are on the case, providing easy ways to save water.

"As water conservation has become more of a widespread concern, an increasing number of water-efficient shower-heads have appeared on the market," says Brian Baratka, director of product marketing for faucets at Kohler in Kohler, Wis. "Now customers using these showerheads can feel good about not only doing something to preserve our most precious resource, but also something to contribute to their overall showering experience."

Manufacturers who are serious about conservation are participating in EPA's voluntary WaterSense program. WaterSense-certified products must meet minimum water efficiency standards and are then given a label to make it easy for consumers to identify those products.

"The goal of EPA's WaterSense program is to help Americans save water and money by offering simple ways to reduce water use through water-efficient product choices," says Sheila Frace, director of the EPA Office of Water's Municipal Support division.

Kohler, a leader in water conservation and the EPA's 2008 Manufacturer Partner of the Year, offers a variety of water-conserving plumbing products in lines such as Forté and Purist; Piscataway, N.J.–based American Standard offers bathroom lavatory faucets with a maximum flow rate of 1.5 gpm; and Olmsted, Ohio–based Moen offers showerheads that flow at 1.75 gpm.

"Our new low-flow showerhead," says Moen's wholesale brand manager Beth Allison, "makes it possible to relax and unwind with a long, hot shower and still have peace of mind." **B**



LOW DOWN: The manufacturer's new WaterCare, low-flow line includes over 60 products including showerheads and kitchen and lavatory faucets such as the Eurosmart unit shown here. Featuring ceramic disk cartridges and cast brass construction, the 1.5-gpm product reduces water consumption by up to 30 percent. ■ **Grohe. 630-582-7711. www.groheamerica.com.**



WATER FORCE: Water-saving showerhead 6306 has a flow rate of 1.75 gallons per minute but maintains the performance of a standard unit by using an optimized spray pattern to preserve the spraying force and increase the velocity of the water. It's available in a variety of finishes including chrome and oil-rubbed bronze. ■ **Moen. 800-465-6130. www.moen.com.**



SAVE IT: Aimed at saving water in the bath, the maker has unveiled a new line of showerheads that uses 1.75 gallon per minute. The oversized units are designed to save water but still provide invigorating coverage. Available in Forté and Purist lines, the products include showerheads and hand showers in a variety of finishes. ■ **Kohler. 800-456-4537. www.kohler.com.**



GOOD SENSE: The company recently converted all of its faucets to WaterSense standards. The water-efficient units operate with 1.5 gallons per minute or less and incorporate aerators, resulting in 32 percent water savings. The Copeland lavatory faucet shown here comes in a centerset and widespread version and is available in polished chrome, satin nickel, and blackened bronze. ■ **American Standard. 800-899-2614. www.americanstandard-us.com.**

UPlink // FOR MORE PRODUCT INFORMATION, VISIT EBUILD, HANLEY WOOD'S INTERACTIVE PRODUCT CATALOG, AT WWW.BUILDERONLINE.COM/PRODUCTS OR EBUILD.COM.


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ENERGY SAVINGS

Smart Meters

Coming soon to a basement near you, utility companies will be able to interact with your home control systems.

Electric utilities from coast to coast spent much of 2008 rolling out smart-meter installation pilot programs. Expect in 2009 to see this trend expand significantly and also to begin to tie into home automation systems, possibly even accelerating home automation's own growth on the coat tails of the next generation of how we measure energy.

Home automation systems developers and manufacturers, including ZigBee and Control4, have announced smart-meter initiatives and products in recent months.

Smart meters use microprocessors and RF wireless connectivity to communicate back to power companies' central server systems. From there, energy flow can be monitored on a house-to-house basis, allowing utilities to interact with the flow of power to homes, enabling the utility to cut the power as needed during emergency peak periods to avoid overloading grids and wider, uncontrolled power failures.

But that's just for starters. The strategic goal of smart metering is to let utilities interact with the home directly. Homes with automation systems on which ride major electrical appliances such as HVAC and refrigerators can have the power consumption of each appliance measured remotely and, ultimately, the utility will have the ability to turn appliances down or off as needed during peak periods. Major home appliance manufacturers such as Whirlpool, GE, LG, and Samsung have already developed fully addressable, IP-enabled devices that would be accessible through smart meters.

The trade-off to the homeowner and builder will come in the form of cost savings. As smart meters track power consumption hour by hour, the utility gains the ability to create differential pricing schemes, charging more, say, for power that is used to run air conditioning during a summer heat wave and less during more temperate periods or overnight, when fewer appliances are in use. Certain devices that consume large amounts of electric power, such as clothes dryers, will also be able to be adjusted to do much of their work during off-peak times.—*D.D.*

SPACE SAVER

Scaling Back Smartly

Integrated home automation can help a smaller home feel larger.

The new trend toward smaller homes is a reversal of two decades' worth of expanding floor plans, a time when, according to Associated Press statistics, the median-sized single-family home went from just under 1,600 square feet to over 2,200 square feet. As the size of homes retreats, how can technology help builders offset the perception of a smaller home?

"Luxury can compensate for size," notes Jeff Singer, marketing communications director at Crestron. "The last thing you want in a smaller space is lots of wall clutter, which makes a space feel even smaller. An integrated home control solution provides a sleek, minimalist installation."

Michael Carter, director of technical sales at AMX, further notes that even if square footage is decreasing, automation can increase the value of the space. "A smart, energy-efficient home should provide pricing support to enable home builders to leverage these technologies to increase value per square foot," he says.

"With the new trend of smaller, more efficient homes coming about, we find ourselves challenged with trying to maximize space and still keep all the necessary toys for our customers," says Gabe Karlis, president of JD Audio & Video Design in Ft. Lee, N.J. "The most obvious way is by centralizing our control systems and avoiding local components, such as DVD players and cable boxes, stealing space from each room. Not only does it offer some great functional options, but it also frees the homeowner or designer from adding extra furniture to house these components. We also like to reinforce to our customers who may want to integrate their lighting, HVAC, and alarm control into one system that by doing this, they will free up precious wall space and give the house a very clean and larger appearance."—*D.D.*

Never Too Thin

ReQuest's new TS6 in-wall touchscreen music system controller is designed to mount flush with the wall, requiring a mounting depth of only 2 inches. It features a full, 640x480-pixel, 5.7-inch



touchscreen and is easy to configure to provide full control of any ReQuest F-Series, N-Series, or iQ Intelligent Music System. The TS6 connects to a home network and automatically finds any connected ReQuest server.

Eco Cash

Comverge's PowerPortal IHD allows consumers to closely track their electricity consumption and receive messages or alerts from their utility provider, making it easy to manage their energy usage in real time. Wireless communication allows for use anywhere in the home. The system receives electricity consumption data wirelessly from a residential smart meter using the ZigBee Smart Energy Profile.



DO YOU HAVE A TECH STORY?

E-MAIL DENISE DERSIN AT: **ddersin@hanleywood.com**

NAHB BRIEFS

Money Back

If you purchased OSB between 2002 and 2008, you may be eligible to recover funds as a result of the settlement of a class action lawsuit against OSB manufacturers. The lawsuit claimed that certain OSB manufacturers unlawfully raised prices on OSB sold to end-user indirect purchasers—those who purchased OSB for their "own use, and not for resale, from a store or reseller and not directly from the manufacturer." To qualify as a member of the settlement class, you must meet certain requirements identified on the claim form; for more information, visit www.osbnotice.com.

Open Ears

NAHB senior officers emerged from a Dec. 17 meeting in Washington with FDIC chairman Sheila Bair and her staff encouraged that the FDIC is interested in working with home



builders to resolve key issues related to the ongoing credit crunch for AD&C financing. The FDIC said that it is in the process ▸

NATIONAL BEAT

NEWS FROM HOUSING'S GROUND ZERO ■ EDITED BY CLAIRE KOLTKO



DAVID CLARK

FROM THE CHAIRMAN

No Stone Unturned

The NAHB is working tirelessly to bring housing's issues to the forefront of the national discussion.

As the nation continues to navigate some of the most tumultuous economic times in its history, it is impossible to say what the next turn of events will bring. On the other hand, I can tell you that the NAHB is committed to doing whatever it takes to stabilize and stimulate the housing market and address the ongoing crisis in the financial markets that is constraining the flow of credit the nation needs to prevent the recession from deepening.

Since the November elections, our energies have been focused on conducting a very intensive, multifaceted campaign to promote significant legislative and regulatory relief for housing and our industry. The NAHB also is leading the Fix Housing First Coalition, one of the largest coalitions of housing advocates ever assembled in the U.S., to further emphasize the need for quick, meaningful action and to ensure that the many stakeholders in this complex effort speak with a unified voice.



JOE ROBSON
CHAIRMAN OF THE BOARD, NAHB
WASHINGTON, D.C.

On behalf of its members and as the leader of the Fix Housing First Coalition, the NAHB has asked for specific measures aimed at helping to put a *(see page 70)*

floor under declining home values, restoring confidence in housing and the economy, and getting buyers back into the market. Specifically, we have pressed for enhancements to the home buyer tax credit, below-market 30-year fixed-rate mortgages for home purchases, and additional measures aimed at preventing foreclosures.

I think it's safe to say that we have left no stone unturned in our efforts to take this important message to Congress, the incoming Obama administration, and the public. We conducted high-level meetings with key members of Congress, President-elect Barack Obama's transition team, and the Bush administration; alerted NAHB members to the critical importance of the stimulus campaign; stepped up news media coverage; and worked with the Fix Housing First Coalition on full-page advertisements in major publications.

As part of this effort, we also tapped the power of the grassroots. More than 80 builders came to Washington in early January in a targeted fly-in focused on key members of Congress. We also held a series of press conferences in markets throughout the country where our grassroots members told the press and the public how their businesses and lives have been affected by the worst conditions in the housing market since the Great Depression.

We have also focused considerable effort on working with financial regulators and elected leaders to relieve the ongoing credit crunch that is crippling our industry. For some time, members have been reporting to the NAHB that it is extremely difficult to get credit for viable projects. Builders with outstanding construction and development loans say they are experiencing intense pressure as the result of requirements for significant amounts of additional equity, denials on loan extensions, and demands for immediate repayment. As a result, performing loans are being rendered nonperforming, adding to foreclosures and increasing inventories.

Hopefully, by the time you read this message, President Obama's economic stimulus package will be well on its way to final passage in Congress. Whether the Obama plan turns out to be the right prescription for the nation's economic woes will take months to determine. But I can assure you of this: The NAHB will stay on top of this situation, and we will do whatever is required to push for aggressive and meaningful policies that will help put our industry back on its feet and end the credit crunch. **B**

THE NAHB RESEARCH CENTER CORNER

Win While You Work

Winners of the 2009 EnergyValue Housing Award take the spotlight.

TWELVE BUILDERS WERE recipients at this year's EnergyValue Housing Award (EVHA) at an awards presentation that kicked off the International Builders' Show in Las Vegas. The EVHA is the nation's preeminent energy-efficiency award honoring builders who voluntarily incorporate energy efficiency into all aspects of new-home construction. Scott Homes of Olympia, Wash., was selected by the judges as the 2009 EVHA Builder of the Year and took home a gold award for a cold climate custom home.

Other 2009 EnergyValue Housing Award Gold winners include: Aspen Homes of Colorado, Loveland, Colo. (cold climate, production category); Scandia USA, Glen Allen, Va. (moderate climate, production category); Coastal Green Building Solutions, Ridgeland, S.C. (hot climate, production category); Yavapai College, Residential Building Technology Program, Chino Valley, Ariz. (moderate climate, affordable category); McIntyre Builders, Rockford, Mich. (cold climate, custom category); Clifton View Homes, Coupeville, Wash. (moderate climate, custom category); and Ferrier Custom Homes, Fort Worth, Texas (hot climate, custom category).

Urbane Homes in Louisville, Ky., won two Silver awards for its moderate climate entry in both the production and affordable categories. Other recipients of the 2009 Silver EnergyValue Housing Award were: R Godfrey Homes, Glen Rose, Texas (hot climate, affordable category); Seville Consulting, Decatur, Ga. (moderate climate, custom category); and Green-Craft Builders, Lewisville, Texas (hot climate, custom category).

Now in its 14th year, the EVHA is supported by the U.S. Department of Energy's Building America program, the NAHB, the National Renewable Energy Laboratory (NREL), and the NAHB Research Center. The EVHA challenges builders to elevate standards for energy-efficient construction, provides educational opportunities for home builders, and fosters the adoption of energy-efficiency principles throughout the home building industry.

NAHB BRIEFS

of including in its supervision of lenders a system that will monitor how institutions are using the Troubled Asset Relief Program (TARP) money and other federal liquidity assistance that they are receiving. At the meeting, Bair also indicated that the FDIC would reiterate its existing supervisory guidance that encourages lenders to work with borrowers to avoid foreclosure.

Keep in Touch

As the nation's credit crunch spreads into the remodeling market, undermining the financial viability of many projects, remodelers are reporting some success working proactively with customers and lenders to avoid problems with financing remodeling projects. Vince Butler of Butler Brothers in Vienna, Va., suggests that clients tap their lines of credit and set



aside the money so that it is available when they need to pay bills. Remodelers can also ask their customers to obtain a guarantee letter from the bank to confirm the amount and availability of the line of credit.



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Less Is Less

More government action is needed to keep the markets from negatively overcorrecting.

THE U.S. HOUSING MARKET ENTERED THE ICY WATERS OF 2009 on a steep downward trajectory, carrying momentum gathered during a three-year contraction that deepened as well as broadened geographically over time. Furthermore, housing has plunged into the depths of the most serious economic recession since the early 1980s, making it doubly difficult for housing and the economy to get back above water.

Recent readings on home buyer demand are profoundly weak, and the serious supply-demand imbalances in single-family and condo markets continue to put strong downward pressure on house prices in many places. Thus, the highly destructive feedback loop still is plaguing housing markets as weakening demand drives prices down, weakens mortgage credit quality, and provokes even tighter mortgage lending standards. Unfettered, this process can easily overshoot equilibrium conditions and cause a lot of unnecessary damage to housing and the economy.

This situation cries out for an immediate and aggressive public policy response. Unfortunately, the first-time home buyer tax credit enacted last year has turned out to be highly ineffective and the Federal Reserve has just run out of traditional monetary policy ammunition. New fiscal measures to stimulate housing demand now are urgently needed, along with government efforts to limit foreclosures. The Fix Housing First Coalition, spearheaded by the NAHB, currently is supporting such a package in negotiations with Congress and the new administration.

DECLINING CONFIDENCE

The NAHB's single-family Housing Market Index (HMI) hit a record low in December, and builders' sales expectations for the next six months also fell to a record low at that time—despite substantial declines in prime home mortgage rates after Thanksgiving. Preliminary tabulations for January suggest further erosion.

Consumer confidence naturally has taken it on the chin as the economic recession has deepened. The Conference Board Consumer Confidence Index fell to a record low in December, largely due to consumer perceptions about the labor market, and there was further erosion in the proportion of consumers who plan to buy new or existing homes within the following six months. Those readings now are down to the lowest levels since the early 1980s.

MORTGAGE RATES

The Federal Reserve ordinarily can exercise substantial control over the interest-sensitive housing sector. But the Fed ran out of traditional monetary policy ammunition when it effectively dropped the federal funds rate to zero on Dec. 16. Our central bank now will have to rely on nontraditional policy measures, generally involving use of the Fed's balance sheet, and it's difficult to say how well the Fed will be able to exercise control over housing and the economy through that route.



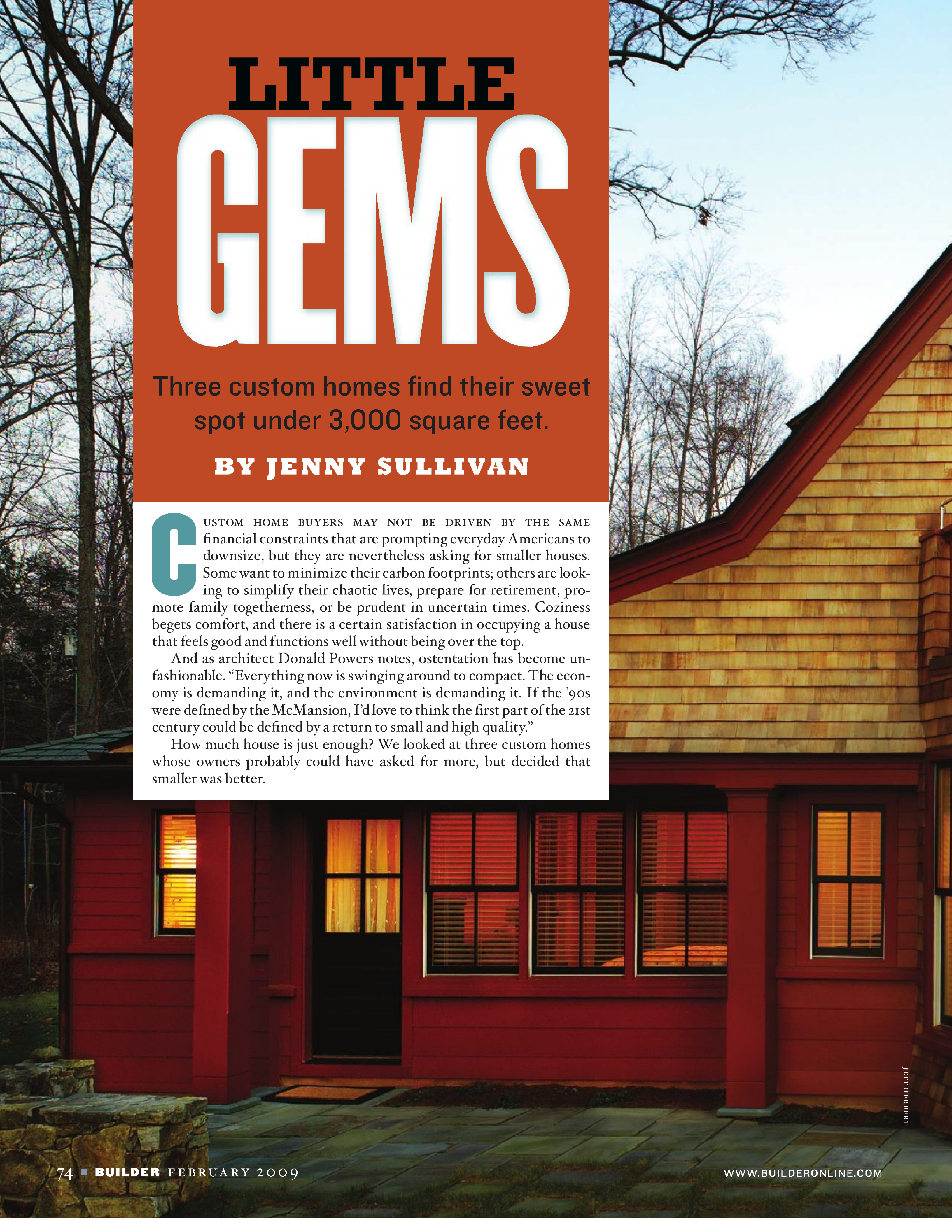
Conventional mortgage rates shifted down in the wake of the Fed's late-November announcement of intent to buy (and hold) large quantities of agency debt and mortgage-backed securities; and on Dec. 16, the Fed suggested that it may move further down that road as conditions warrant. The Treasury Department may also buy into these securities markets to help reduce mortgage rates, using some of the Troubled Asset Relief Program funding for this purpose.

The NAHB estimates that Fed and Treasury actions will get prime fixed-rate conventional conforming home mortgage rates down to about 4.5 percent in short order. But that's not far below current levels, and a federally financed mortgage rate buydown program may be needed to help kick-start home buying in the weak economic environment we're now navigating.

HOME-BUYER TAX CREDIT

The NAHB's December survey of single-family builders confirmed the stunning lack of success of the refundable but repayable $7,500 tax credit for first-time home buyers that was enacted last summer. For this instrument to be a strong driver of housing demand, the size of the credit must be expanded, the repayment requirement must be dropped, and the credit must be made available to all buyers of primary residences.

DAVID CROWE
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NAHB
Washington, D.C.
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LITTLE GEMS

Three custom homes find their sweet spot under 3,000 square feet.

BY JENNY SULLIVAN

CUSTOM HOME BUYERS MAY NOT BE DRIVEN BY THE SAME financial constraints that are prompting everyday Americans to downsize, but they are nevertheless asking for smaller houses. Some want to minimize their carbon footprints; others are looking to simplify their chaotic lives, prepare for retirement, promote family togetherness, or be prudent in uncertain times. Coziness begets comfort, and there is a certain satisfaction in occupying a house that feels good and functions well without being over the top.

And as architect Donald Powers notes, ostentation has become unfashionable. "Everything now is swinging around to compact. The economy is demanding it, and the environment is demanding it. If the '90s were defined by the McMansion, I'd love to think the first part of the 21st century could be defined by a return to small and high quality."

How much house is just enough? We looked at three custom homes whose owners probably could have asked for more, but decided that smaller was better.

JEFF HERBERT



PRETTYF ACE: The lake side of this upstate New York house paints a charming picture for boaters. A strong horizontal band of windows and doors is capped by a dramatic roof gable with wing extensions. "That peak is the toothpick through the club sandwich," says architect Donald Powers.



TRANSOMN OTE: Diffused light from second-story dormer windows illuminates the living room through a clever transom above the fireplace. Ceilings are activated by narrow beams over tongue-and-groove ceiling boards painted a high-gloss white.

LAKE EFFECT

THIS LAKESIDE COTTAGE HAS SUCH a casual, homespun air about it, you'd hardly suspect the intense discipline that was necessary to pull it off. The hitch was that several of its aesthetic priorities were at odds with each other.

For starters, it was unclear which side of the house was meant to be the front in this summer community east of the Hudson River, about an hour and a half outside New York City. The southeast arrival sequence from the main road and driveway had to be striking, explains architect Donald Powers, but then again so did the west elevation facing the water. "The lake is very public, so it couldn't just look like the casual back of a house," he says. The compromise? A residence with two faces that are complementary and yet distinct from each other.

Engineering the perfect plan (one that would celebrate the two-acre site's best features) also required a balancing act between daylight and scenery. To make the most of pristine lake views, Powers strung most of the rooms together in an enfilade pattern facing west, with large picture windows overlooking the water. But the massing and window placement made necessary because of this decision came with a trade-off: a comparatively small south elevation with minimal solar exposure.

Channeling natural light inside thus required some ingenuity to keep the home's interiors from feeling too dark. One clever remedy is a light box that captures midday sun from a bank of south-facing shed dormer windows and then redirects those rays into the living room through a clerestory valance above the fireplace. Dramatic millwork in the ceiling, painted a gloss white, amplifies the ethereal effect of that diffused light.

Equally inspired is a small gallery space at the intersection of the home's two main axes. Slightly wider than a hallway (and therefore big enough to hold a sideboard and painting) this area forgoes natural light and instead is brightened up with pinhole halogens and picture lighting. It's a point of discovery in its own right, but also one that functions like the narrow end of a telescope in that the window and door openings of all the rooms stemming off it are aligned to frame views of the outdoors. "We made this circulation

PHOTOS: JEFF HERBERT



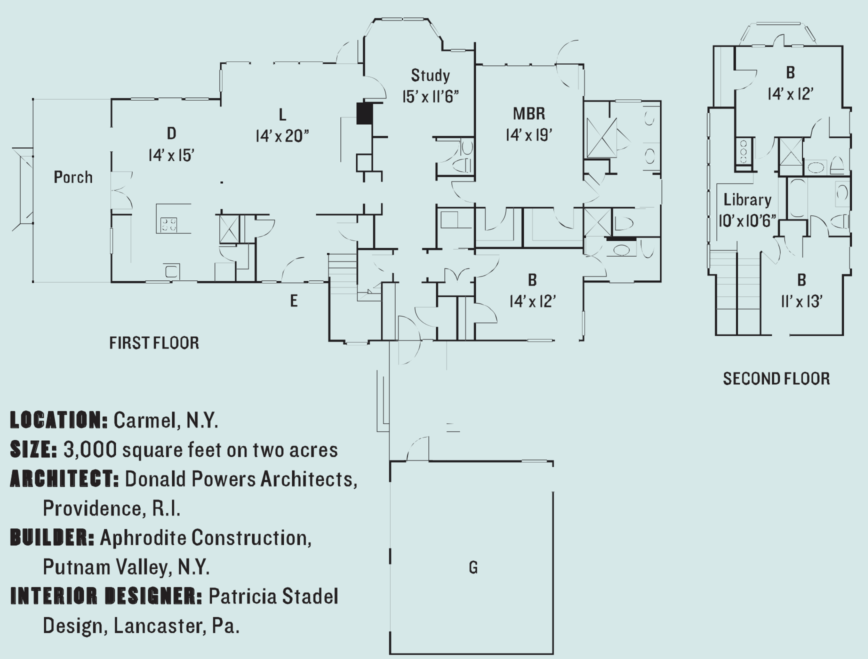




OPEN ARMS: A gallery at the heart of the plan (top left) offers views in four directions. On the southeast elevation (above), a breezeway connects the house and garage.

point a room of its own that wouldn't necessarily want a lot of natural light," Powers explains. "It's a little event at the deepest point of the plan where you can turn left or right, front or back and see outside in any direction."

For all its artistry, the house is also supremely functional. Designed for empty-nesters as a family retreat that will eventually become a primary retirement residence, the space is amply appointed for single-story living, with a master bedroom and studio on the ground floor and guest bedrooms up top for kids and grandkids. Low-maintenance cladding materials include paintable PVC siding (on the lower portions of the house, closest to the water table), fiber-cement board, and cedar shingles with a 50-year lifetime.



LOCATION: Carmel, N.Y.
SIZE: 3,000 square feet on two acres
ARCHITECT: Donald Powers Architects, Providence, R.I.
BUILDER: Aphrodite Construction, Putnam Valley, N.Y.
INTERIOR DESIGNER: Patricia Stadel Design, Lancaster, Pa.



KID-FRIENDLYC OOL: An edgy, uncluttered living room is the result of stained concrete floors, aluminum storefront windows, and plenty of built-ins. Lighting is integrated into structural beams and columns.



INSIDEO UT: Redwood soffits in the living room ceiling extend outside to form a cantilevered sun shade over the patio.

OFF TRACT

THE SETTING IS A FAMILIAR SLICE OF Americana: one of the last remaining cul-de-sac lots in a subdivision that first broke ground in the 1970s. And yet, the contemporary dwelling now occupying that space isn't your typical house in the 'burbs.

Nor is it your typical Texas custom home. Eschewing the local tradition of limestone and brick in favor of stucco and concrete block masonry, it's not extravagant. And, measuring just a few steps shy of 2,500 square feet, it's only a wee bit bigger than the owners' prior residence. Their mission wasn't to build something larger and fancier, but rather something smarter, cleaner, and more efficient.

With all due respect to the neighbors, builder Byron Bottoms and the architects at McKinney York took cues from nearby tract homes for examples of what *not* to do. Thick massing, for example (a recipe for poor indoor air quality and one-sided window glare), was replaced with narrower building forms to promote balanced natural light and cross-ventilation. Cantilevered overhangs and a transplanted 30-foot tree (salvaged from a nearby school library renovation) protect the house from the hot sun.

And whereas other homes on the block sit smack in the middle of their lots (thus creating useless slivers of side yard), this one scoots up to its southern lot line, freeing up space around the side and back for a large play area for the owners' young children. Pivoting the garage 90 degrees added a layer of privacy to that yard, and a ground source geothermal system underneath its grassy expanse feeds into the home's HVAC and hot water systems.

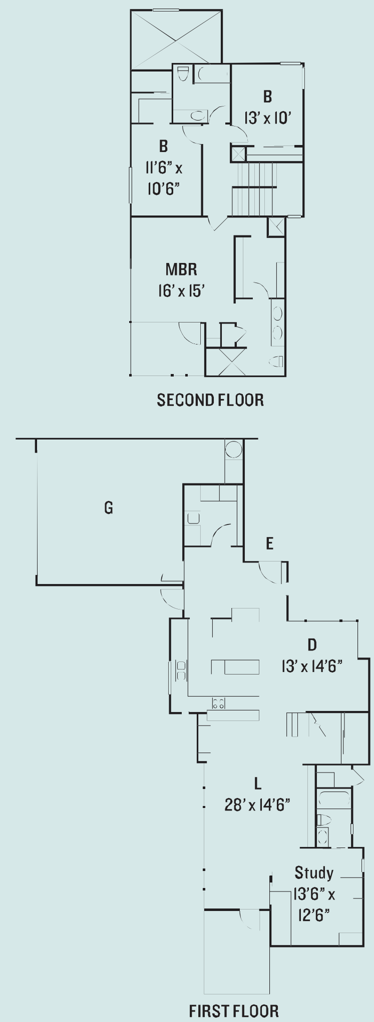


PHOTOS: GREG HURSLEY





MIDDLEG ROUND: Concrete block, integrated stucco, and metal roofing give the exteriors a distinct flavor, but the design is also respectful. Original plans for a flat roof were amended per input from the neighbors.



LOCATION: Waco, Texas
SIZE: 2,481 square feet on .42 acres
ARCHITECT: McKinney York Architects, Austin, Texas
BUILDER: Byron Bottoms Builder, Waco
LANDSCAPE ARCHITECT: Armstrong Berger, Dallas
STRUCTURAL ENGINEER: Lester Germanio, Austin

NATURALH ABITAT: The clients requested drought-tolerant landscaping with an emphasis on plants that would attract butterflies and birds.

Interiors are equally efficient and multi-purpose. A study off the living room can be closed off with sliding walls or left open to keep an eye on the kids. A laundry room outfitted with reinforced concrete walls, a steel door, and multi-point latching mechanisms doubles as an above-ground tornado shelter. And to save space, formal and informal entries to the home (front, garage, and back door) all spill into the same foyer.

"We discovered quickly that we couldn't provide an independent and isolated space for every possible activity, and we couldn't afford to spend a lot of money on circulation space, so the plan is very tightly organized," says architect Al York. "The corridor space is about a tenth of what you'd find in a standard tract home."

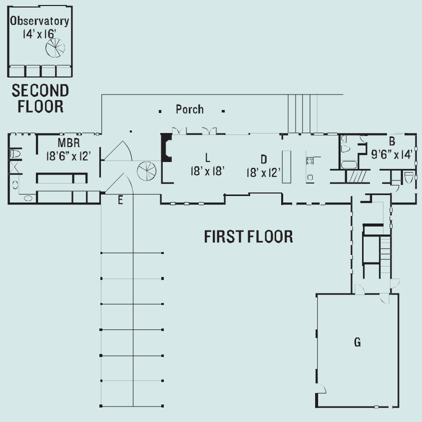
This satisfied the clients' craving for an environment that was cohesive, not cavernous, he adds. "They didn't want the kids off in a separate wing. They wanted to live together as a family. They wanted a quality house, but they were very smart about not building more house than they needed."



TO BE CONTINUED: Trellis slats extend indoors to articulate the living room ceiling.



TRANSFORMERS: By day, the house is a study in texture, blending wood, metal, and concrete to artful effect. At night, those surfaces recede and light becomes the home's defining feature. A clerestory band of polycarbonate windows creates a lantern effect inside the garage.



LOCATION: Port Washington, Wis.
SIZE: 2,700 square feet on 2.5 acres
ARCHITECT/INTERIOR DESIGNER: Johnsen Schmaling Architects, Milwaukee
BUILDER: Ruvin Brothers—Artisans and Trades, Glendale, Wis.

THROUGH THE WOODS

GOOD ARCHITECTURE MAKES NICE with the neighbors, and in this case, the trees were there first. The owners envisioned a modest house that would blend quietly with nature, causing minimal disruption to the forest. Honoring this wish, architects Brian Johnsen and Sebastian Schmaling allowed the terrain to dictate the home's primary forms, incorporating passive strategies for heating, cooling, and ventilation.

The main body of the house is a one-story bar that sits parallel to a bluff overlooking Lake Michigan. "We wanted to take advantage of the views, but also the predominant breezes that came up off the lake and accelerated at the top of the bluff," explains Johnsen. To that end, the bar volume is punctured by two 16-foot-wide apertures (at the main entry and the dining room) that can be opened wide—front to back—via massive pivoting and sliding mahogany doors.

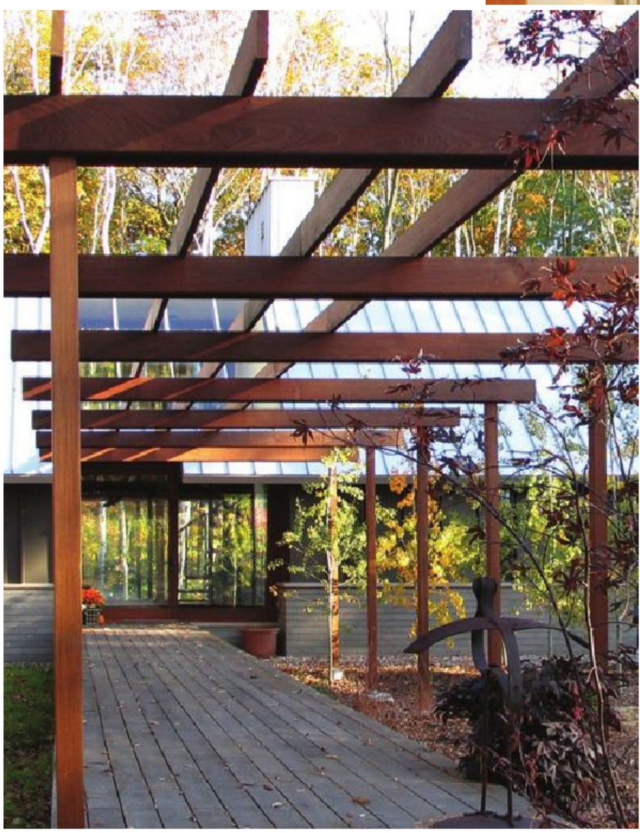
A small, second-story observatory above

PHOTOS: DOUG EDMUNDS

AIR AND LIGHT: Measuring just 18 feet deep, the main body of the house allows for daylight exposure from two sides. Custom mahogany doors (one set pivots while the other set slides) open it up to breezes.

LOWR ISE: Elevating the colonnade walkway a foot and a half above grade made the entry sequence more prominent and helped ease the threshold transitions from outdoors to indoors.





the entry foyer (accessible via spiral staircase) further aids in venting warm air, at the same time providing a bird's eye view of the property. Shading from the site's deciduous tree canopy reduces the home's A/C load in summer, while a large commercial skylight on the west side of the roof structure promotes heat gain in winter.

Simple in shape, the long volume of the house is counterbalanced by two perpendicular structures, which, in combination, form an intimate forecourt.

Stemming from the south end of the home is a garage whose shed roof appears to float above a clerestory band of windows. The north end is marked by a trellised ipe colonnade leading up to the front entry. An inspired integrating device, the colonnade passes through mature trees, wraps the house in the form of an elevated patio, and eventually extends inside to create the exposed structure of the living room ceiling.

This blurring of boundaries between indoors and outdoors—a concept the architects refer to as "extended surface"—is also notable in the 4x4x16–inch concrete block masonry that forms a fireplace inside as well as the base of the home's exterior skin. Outside, the block complements fiber-cement siding with deep cedar battens and a standing-seam metal roof to offer up an organic reinterpretation of the region's agrarian buildings.

"We looked for ways in which we could elevate common building products to a new level of elegance," Johnsen says, "not only to stay within budget, but also to redefine the vernacular of what would otherwise be considered a basic ranch home." **B**

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FINANCIALLY TROUBLED BUILDERS WEIGH THEIR OPTIONS ABOUT HOW (OR WHETHER) TO STAY IN BUSINESS.

TAKING THE PLUNGE

BY JOHN CAULFIELD

ILLUSTRATIONS BY JON KRAUSE

THE ADAGE "HE WHO HESITATES IS lost" could be this year's bumper sticker for the growing legion of distressed builders wondering if they can save their companies through bankruptcy protection.

A housing industry well into its fourth year of a downturn and second year of economic recession is littered with builders who waited too long to address problems that ultimately rendered their companies insolvent. "By the time they get to Chapter 11, most builders are already at the liquidating stage," observes Becky Roof, a director with AlixPartners, a New York–based firm whose bankrupt clients include Kimball Hill Homes and Caruso Homes.

As 2008 ground to its ignominious conclusion, untold scores of builders had liquidated their assets and closed their doors without filing bankruptcy. And Chapter 11 hasn't exactly been a path to operational viability for builders that have tried it. Still, a handful are using bankruptcy protection to wind down businesses or to restructure debt, pay creditors, reorganize, and—they hope—start building homes again.

Unfortunately, absent sufficient liquidity or an end-game strategy going in, builders will experience Chapter 11 as a costly exercise in futility, say experts, especially if lenders continue to play hardball about renegotiating debt and financing the completion of projects.

NOT FOR EVERYONE

The end game for one regional builder, which fell out of compliance with a loan covenant in January, could be a steep ramp down of its operations. The builder wants lenders to adjust the terms of its loan by accepting writeoffs, equity, or convertible debt. If the lenders balk, the builder might say "here are the keys," says Harold Bordwin, managing director with KPMG Corporate Finance, the New York–based consulting firm that's working with the builder. There's general agreement among experts that builders who haven't personally guaranteed their companies' debt have greater leverage with creditors.

Only a minuscule number of distressed builders ever file, says Jim Weigel of Shinn Consulting, which in early December presented a webinar on bankruptcy to which more than 50 builders listened. "For builders, Chapter 11 is not impossible, but it's risky and has led to a loss in value," adds Natasha Labovitz, restructuring partner with the law firm Kirkland & Ellis, which represents several bankrupt builders including TOUSA. She urges clients to talk first to creditors about out-of-court restructuring. The threat of filing, she says, can be effective to gain creditors' cooperation.



"Chapter 11 is not a solution in itself," adds Andrew Hede, managing director with Alvarez & Marsal, a leading restructuring consultant that is also working with several at-risk builders. "It might do more harm than good because it is disruptive and expensive." The way builders typically finance their projects—using multiple lenders and cross-collateralization—makes debt restructuring under Chapter 11 difficult, say experts, because it's tougher for lenders with competing claims to reach consensus. (On the other hand, Village Homes of Colorado filed bankruptcy in November partly because its primary lender, a syndicate of four banks, couldn't agree on a course of action, says Garry Appel, an attorney representing the builder in this proceeding.)

Because of the complications, lots of builders are skipping bankruptcy on their way to liquidation. Davis Homes and Taylor-Morley Homes, to name two, found the money to finish homes under contract before they closed their doors. Other builders, such as M.W. Johnson and Wensmann Homes in Minnesota, simply turned off the lights. But you better have sympathetic lenders, trades, and customers if you try to settle financial matters without Chapter 11's legal protections. Dave Brown, owner of Brown Family Communities in Arizona, says he spoke to bankruptcy attorneys but decided instead to shut his doors in October. "Now," he says with dark humor, "I'm holding off subs with a baseball bat and having someone start my car every morning." (See "Brushed Off," page 87.)

"I'd tell anyone considering Chapter 11 to expect it to take twice as long as you think."—Matt Osborn, senior vice president, Village Homes of Colorado

Every builder is struggling and, therefore, should be seeking professional counsel, recommends Bordwin, who sees Chapter 11 as a "tactic" to help builders restructure debt. But for larger builders, with complicated balance sheets and armies of creditors, it may be the only option. Levitt & Sons, which was forced to enter Chapter 11 in the fall of 2007, appears close to finally liquidating its assets. TOUSA, which filed a year ago, has a reorganization plan on the table that eliminates more than $1 billion in bondholder debt and turns over the company's ownership to its banks.

While dozens of companies have filed for bankruptcy protection, very few have emerged from the process to build again. As of late December, only one prominent company—Marnella Homes of Milwaukie, Ore.—that had filed Chapter 11 has been granted court approval to execute a reorganization plan. Through the sale of homes and land, Marnella will repay $17 million to two lenders and $600,000 to subs and suppliers over a three- to five-year period. It will also complete construction of a 115-unit neighborhood called Volare.

Renaissance Homes in Oregon told the *Portland Business Journal* that it would file its reorganization plan on Jan. 23 and re-emerge as a smaller company by April. (Renaissance did not return several calls from BUILDER seeking comment.) Another Portland-based builder, Legend Homes/Matrix Development, expects to file its plan for reorganization by March 31 and have the court approve that plan by early June, one year after it filed Chapter 11, says Legend's president Jim Chapman. On the opposite side of the country, Caruso Homes in December sought court permission to hire

KPMG Corporate Finance to liquidate land beyond 45 minutes of its Crofton, Md., headquarters, which will be its core market if and when it emerges from Chapter 11.

MISPLACED OPTIMISM

Jeff Caruso thinks his company could emerge from bankruptcy this spring, six months later than he had originally estimated. When he filed last June, Caruso said he expected to be out within 120 days. But the sheer mechanics of the bankruptcy process have been more complicated and time-consuming than he imagined. That's a common mistake that optimistic builders make about their companies' turnarounds. A few days after his company filed in November with $56 million in debt, Kevin Wann, CEO of Pacific Lifestyle Homes in Oregon, told an incredulous radio interviewer that he expected his company to emerge from Chapter 11 by this summer. "I'd tell anyone considering Chapter 11 to expect it to take twice as long as you think," says Matt Osborn, a senior vice president with Village Homes.

As they stumble into bankruptcy, one big mistake builders make, says Hede, is filing without a capital-restructuring plan. "Are you going to reinstate your bank debt or bring in new equity? These questions need answers," he explains, because most builders require an equity injection in order to come out of 11. At the end of Kimball Hill Homes' Chapter 11 search for equity, its managers finally decided *(see page 88)*



MARK PETERMAN

STRANDED: Dave Brown, the owner of Brown Family Communities, says his lenders abandoned his company at the first sign of weakness. What irks him the most is that lenders preferred to let his company fail than to extend financing to complete sold houses.

BRUSHED OFF

The owner of Arizona's Brown Family Communities blames lenders for his company's demise.

A few weeks before he closed his company on Oct. 27, Dave Brown, owner of Brown Family Communities in Tempe, Ariz., was trying to sound upbeat. Yes, business was terrible in the Phoenix market, where at least 17 builders had already failed. Yes, this year's production might only be half of 2007's. But, as he had done before during his 33 years as a home builder, Brown thought he could weather this storm.

What forced him to shut his doors, he says, was the lack of support from lenders GMAC Financial Services (which Brown says "stopped returning my phone calls in January") and Chase, which cut off his company's $50 million credit line after Brown Family Communities fell out of compliance with one of that loan's covenants.

"They treated me like a bum who had missed a car payment," says Brown, who had drawn about $25 million from that credit line. "To this day, they have never told us how much we owed." Brown calls himself "naïve" for having signed a borrowing base agreement, which theoretically makes it easier for the debtor to repay a loan and re-borrow off of it. "The small print allows the bank to close out the loan anytime it wants to," he says.

Mary Jane Rogers, a spokeswoman for Chase's Western states region, tells Builder that company policy prohibits her from discussing Chase's relationship with clients. She notes that Chase has been reducing its exposure in the residential construction sector for several years. Rogers says Chase is "working with" a number of distressed builders, which she couldn't identify.

What confounds Brown is the unwillingness of banks to provide financing that would allow builders to complete homes they've sold. His company had 31 homes in various stages of construction and 80 pending sales. Brown said that Chase indicated it wanted to complete some of these, but how many he was never sure. Brown ended up refunding $580,000 in buyer deposits out of his own pocket. "This was a well-thought-out effort to put me out of business," he believes.

Despite the bad taste in his mouth, Brown wants to build homes again. Local banks have approached him about restarting as a builder or developer. "I'm 76, so I'm too old to get a paper route," Brown quips. But he must wait for market conditions to allow his re-entry. If the recovery takes several years, "I'll be out of gas."

“Chapter 11 is not a solution in itself. It might do more harm than good because it is disruptive and expensive.”—Andrew Hede, managing director, Alvarez & Marsal

to discontinue the company’s operations after one last potential investor suddenly pulled out.

Builders can generate revenue while in Chapter 11 by agreeing to equity carve outs that extend ownership to creditors, or by building out and managing lenders’ foreclosed real estate assets. But these usually won’t cover operating expenses. And very few bankrupt builders have been able to negotiate debtor-in-possession (DIP) financing from banks.

Ken Neumann, who closed Warrenville, Ill.–based Neumann Homes early last year, concedes the “fundamental mistake” he made was filing Chapter 11 “too light. We didn’t have enough money to survive,” he says. Neumann Homes, which in late December was still selling assets and working with one bank to complete a project, was also hamstrung, says Neumann, by its inability to sever its Detroit subsidiary—whose loans the parent company guaranteed—from the rest of the corporation. “If I could do it over again, I would have altered the legal and financial structure of my company.”

Caruso lent his company DIP financing, out of necessity, when it filed. But builders should take a long, hard look at their businesses’ health before they pump more money into them, advises Troy Taylor, president of Atlanta-based financial consultant Algon Group. The determining factor, Taylor says, should be how such an infusion would impact the builder’s family and lifestyle if the business fails.



BANKS ARE BALKING

Bankruptcy is a much different environment than most builders expect. It didn’t take Tony Marnella long after his company filed for Chapter 11 protection last April to realize it would be every man for himself. “I was told candidly [by Sterling Savings, one of Marnella Homes’ lenders] that it was not my partner. After eight profitable deals, I thought I had earned the right to have this discussion about the one project I stubbed my toe on. I guess not.”

Bankers insist they are doing what they can to keep viable companies in business, though some are more helpful than others. Bankrupt builders, by and large, say they are mystified by lenders’ inflexibility, especially when it comes to project-completion financing. “They puzzle me,” says Osborn of Village Homes, which in December had stated it had 52 homes under construction and another 11 under contract. Village estimates its cost to complete those homes at $5.9 million. “Their decisions are contrary to a common-sense business approach.” In response to lender objections, the court last month denied Village Homes’ request to close short sales of four houses that would have netted the builder $1.47 million, which it planned to use to fund construction.

More builders are convinced that banks, given their druthers, would wash their hands of AD&C loans. Lenders are “increasingly intransigent” in their discussions with builders about providing new debt, says Appel. Bordwin and Roof add that because many banks don’t have workout departments, bankrupt builders find themselves talking to bank personnel who focus mostly on foreclosures.

A coalition of 135 builders, spearheaded by Barratt American’s president Mick Pattinson—who took his company into Chapter 11 in late December, two days after Bank of America foreclosed on seven of its projects—is seeking investors to create pools of unleveraged funds so builders won’t need to rely on banks. And today’s lending climate requires builders to hire professionals who can communicate with banks that might not be disposed to listening. Marnella says he told his lenders a year before his company went under that buyer demand was softening. “What I got was a pat on the back from my bank, which told me to keep doing what I was doing.” *(see page 90)*



EXIT STRATEGY

Five options troubled builders might consider pursuing:

- **SELF-FINANCE.** The first reaction of many builders has been to dip into their own pockets to keep their businesses alive. The wisdom of that depends on how big a hit the owner can afford if his business ultimately fails. This option, of course, is limited by the owner's resources and assets.
- **FIND NEW FINANCING PARTNERS.** Builders and developers keep insisting there are private equity funds out there itching to buy land and companies. However, their financing doesn't come cheap and is likely to require the owner to relinquish at least some management control of his company.
- **SHUT DOWN AND LIQUIDATE.** Many builders have taken this option, which (theoretically, at least) is less expensive and quicker than filing Chapter II or 7. However, this option seems less feasible as companies get larger, with multiple lines of collateralized credit, and subs and suppliers who think they'll get a better shake through a court-sanctioned process.
- **FILE CHAPTER 11.** Protection from creditors will give builders breathing room to figure out a plan to reorganize and re-emerge as a new company or conduct an orderly asset liquidation. Chapter II also provides a platform for companies to renegotiate debt with lenders. The irony of Chapter II is that debtors short of cash to pay for a bankruptcy's considerable upfront and sustained costs—lawyers, restructuring experts, accountants, and the like—can find this option futile. And so far, few builders have emerged from Chapter II as operating entities.
- **FILE CHAPTER 7.** The most common form of bankruptcy, it differs from other types of liquidation because it doesn't involve filing a plan for repayment. A court-appointed trustee gathers the debtor's nonexempt assets and uses the proceeds from their sale to pay creditors. This process can include an owner's personal property, although several states exempt certain assets, such as an owner's house, from being liquidated.

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Will banks change their tune as more builders fail? Labovitz says some lenders already are taking "a realistic perspective" that accepts the need for "consensual restructuring" of builders' debt. Roof says some builders have had success renegotiating letters of credit on projects already in progress. John Dischner, a director with AlixPartners, notes that Bank of America, which was adamant about taking back land from bankrupt Levitt & Sons, has been willing to work with Caruso Homes. But Dischner also says lenders' evaluations of real estate remain unrealistically high. "Yet they won't fund builders to manage inventory and sell it down the road at retail."

TIMING THE RECOVERY

Regardless of whether more builders formally declare bankruptcy, one thing seems certain in this recession's wake: There will be fewer builders this time next year. Some industry watchers are already talking about the disappearance of half of the companies that build fewer than 25 homes annually.

Under such dire market conditions, Chapter 11 could serve as a good place to wait out the downturn. "What you want to do, if you can, is batten down the hatches, hibernate for a while," says Algon's Taylor. "Be like a submarine, with a skeleton crew on board to make sure everything works, but don't fire any torpedoes." However, Hede and Appel caution clients that Chapter 11 is an expensive hiding place.

A company representative says a "leaner" TOUSA will emerge from Chapter 11, possibly by this spring. (It is looking for a new investor, confirms Labovitz.) Caruso Homes has reduced its land assets to around 200 lots, from 2,500, and is turning to family, friends, and business associates to fund future projects, which will target active adult buyers. Caruso expects to build 30 homes in 2009, or about 90 percent fewer than before he filed for Chapter 11. Village Homes should come out less land heavy, too, predicts Osborn, who also expects his company to offer customers a narrower product assortment.

Having sold personal property, including his Maserati, under the terms of his reorganization plan, Marnella is self-financing the completion of his Volare neighborhood, 14 of whose homes were recently sold at auction. In the future, he vows to keep more inventory to rent—up to 25 percent of what he builds in his next project. Marnella's company will build about 50 houses in its first year out of Chapter 11. Ever the optimist, he intends to double that number by 2011. **B**



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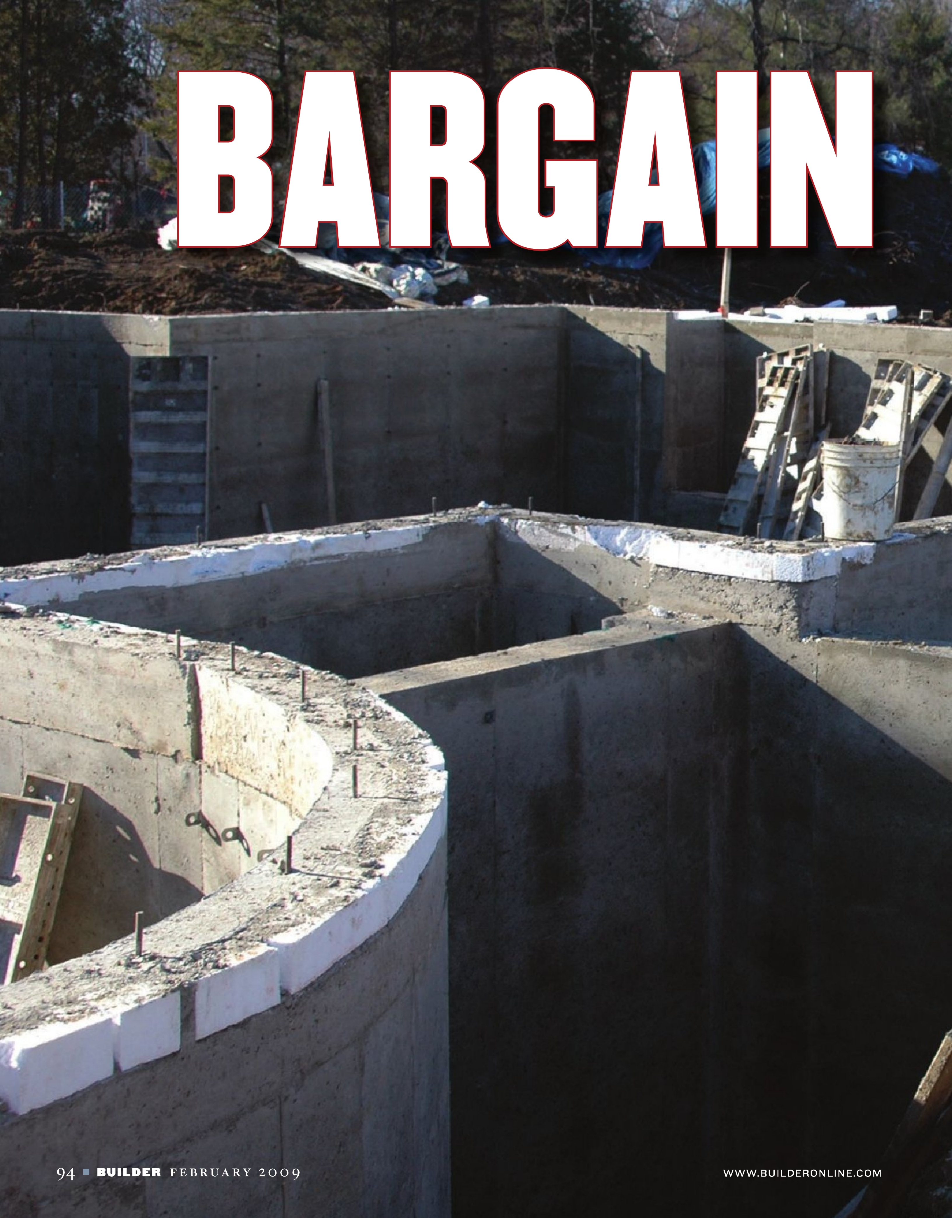


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BASEMENTS

SPECIAL | HOW-TO | FEATURE

A new building code standard, ACI 332, offers builders a better road map for quality control and cost savings.

BY TED CUSHMAN

In today's tough market, builders are always looking for ways to control costs and maintain quality. Concrete basement foundations are one phase of a project that can offer opportunities to shave a few dollars off a home's cost without cutting corners.

Basements haven't always gotten the attention they deserve. As consulting engineer Brent Anderson puts it, "Thirty years ago, foundation contractors pretty much did what they felt like. Most of them didn't put any steel in the walls at all." And on good sites with high-quality sand or gravel soil, those "plain concrete" basement walls would generally perform well.

But less favorable soil conditions, such as silt or clay, don't provide great bearing for wall footings. And when used for backfill against the foundation walls, silt and clay soils tend to exert inward pressure that can crack the walls. In such situations (which are becoming more and more common as land scarcity forces builders to consider less-than-ideal building sites), plain concrete foundations may not hold up, and the walls and footings need some kind of steel reinforcement.

But how much steel? And where should it be placed? In the past, basement contractors had two choices: Use rules of thumb based on their own experience or turn to the concrete industry's comprehensive design standard, ACI 318 Building Code Requirements for Structural Concrete.

Rules of thumb, of course, could result either in over-building or in under-building for the actual conditions. But ACI 318, says Anderson, would typically result in structures that are "way over-built" for structural conditions.

In any case, says concrete contractor Buck Bartley, most contractors would be unlikely to consult ACI 318 (which runs to more than 400 pages of technical language and diagrams) to build a house foundation. "It's a huge standard," he says, "and it's geared to commercial construction—high-rises and everything else." On the other hand, as the only game in town, ACI 318 could cause trouble in the case of any callback or dispute. According to Bartley, any good lawyer could easily find some aspect of a house basement that didn't comply with ACI 318 in every detail, and whether the discrepancy related to the house's structural performance or not, it could spell trouble for builder and foundation contractor alike.

Builders have long had a ready reference more suited to residential loads and conditions: ACI 332 Guide to Residential Concrete Construction, a how-to with generic specifications and plain-English explanations, has been around since the early 1980s. But a guide is not a standard or a code. So in the 1990s, a trade group called the Concrete Foundation Association began to push for a code-language version of ACI 332 that would carry the same authority as code. That standard was finished in 2004 and released in May 2005 as ACI 332-04: Requirements for Residential Concrete Construction and Commentary. (An update, ACI 332-08, was released last year.) Chapter 4 of the 2006 International Residential Code (IRC) refers to the new ACI 332 as an acceptable cookbook design alternative for house foundations: When ACI 332 is used to spec out a basement, says the IRC, "project drawings, typical details, and specifications are not required to bear the seal of the architect or engineer responsible for design."

DIALING IN PERFORMANCE

The text of the ACI 332 standard spells out design specifications for concrete, reinforcing steel, formwork, footings, walls, and slabs. Simple drawings are provided for clarity. But when it comes to cost-effective design, the rubber meets the road in 10 tables at the end of the document. The tables serve as an easy road map for mixing and matching the various elements that add strength to a wall, so the builder can quickly look up the most affordable solution for the given conditions.

The main structural load on a basement wall isn't the weight of the house—it's the pressure of soil against the side of the wall, which becomes greater as the wall gets taller or as the backfill depth increases. To make the wall stronger, designers have many options: Use higher-strength concrete, increase the thickness of the wall, place more steel reinforcement, or use a stronger grade of steel. If you know how to read the tables, you can easily assess the results of pursuing any of these strategies. You can also assess the potential savings gained if you shorten the height of the basement wall or even just lessen the depth of backfill. And you can also see the advantage of building on a location with superior soil conditions, where the soil pressure against the wall will be relatively moderate.

"I fought like a dog against these tables at the beginning," says Bartley, who serves on the ACI 332 standard-writing committee. "But now I think they're brilliant." It's no secret where the savings are to be found, says Bartley. "Any residential contractor will tell you this: It's a whole lot cheaper for me to pour concrete than it is for me to tie a bunch of rebar. The amount of labor that it takes for the rebar is, generally speaking, a whole lot more expensive than the cost of a yard of concrete." So Bartley's goal is to push the foundation design into the white space in the table that represents plain concrete (walls that don't require vertically placed steel). "When we get a print in here," he explains, "we might go back to the builder and say, 'We can take this rebar out of the wall by expanding it from a 10-inch to a 12-inch wall and changing from a 2,500-psi to a 3,500-psi [pounds per square inch compressive strength] concrete.' And generally speaking, they'll buy that."

UNDERSTANDING THE VARIABLES

ACI 332's tables provide a single design tool that draws together a number of well-established principles of concrete foundation wall construction. Here's a closer look at the factors involved in basement design.

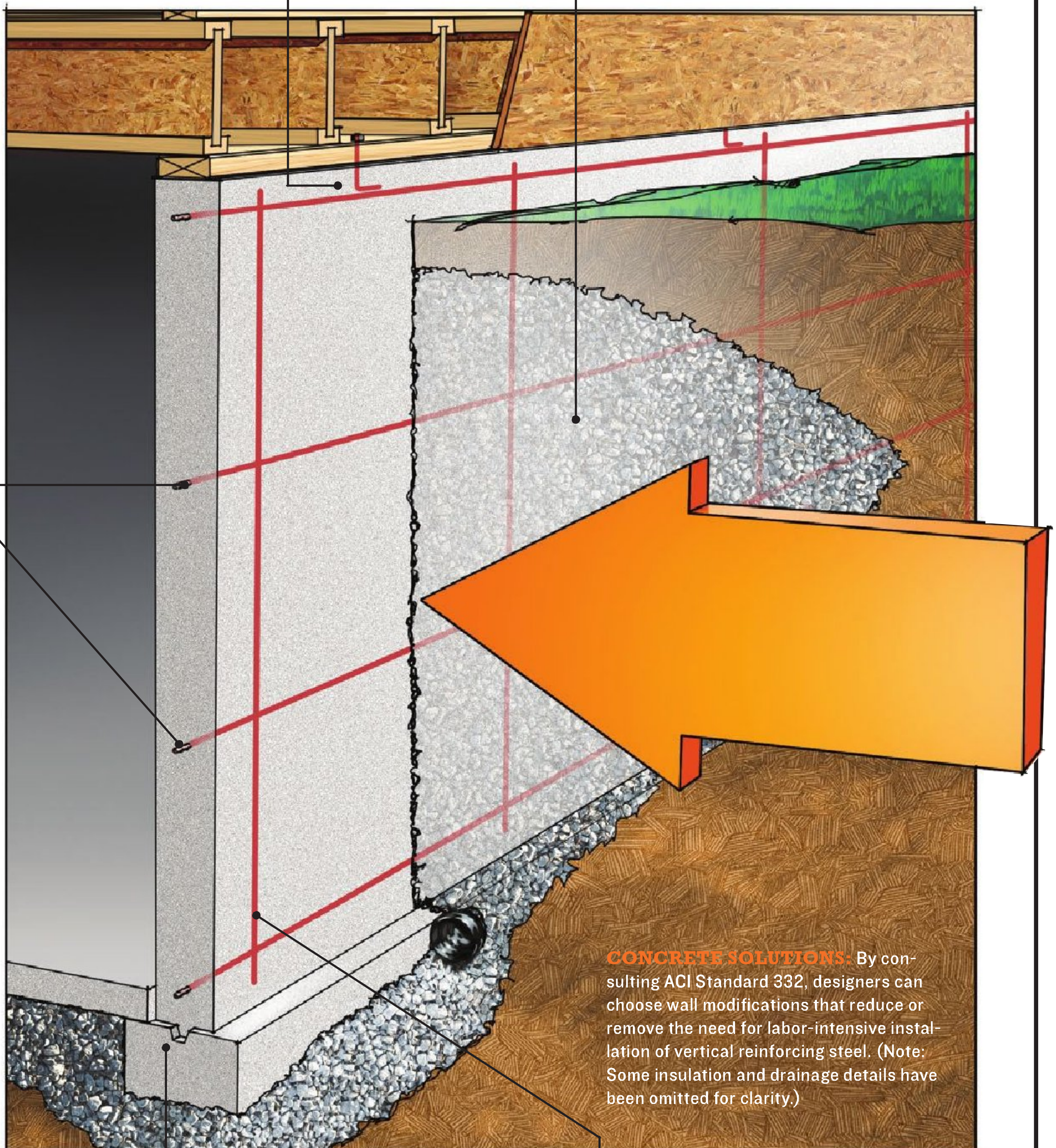
■ **Soil Type.** Sand and gravel soils are strong, stable, and freely draining, while silt and clay soils, when they get wet, tend to act more like liquids—expanding, slumping, and exerting what engineers call "equivalent fluid pressure" against walls. ACI 332's tables list the soil types by pressure *(see page 98)*



TED CUSHMAN

WORKING SMARTER: With design choices that reduce the need to place and tie steel reinforcing bar, builders can avoid excess labor in foundation forming.

BASEMENT WALL BASICS



CONCRETE SOLUTIONS: By consulting ACI Standard 332, designers can choose wall modifications that reduce or remove the need for labor-intensive installation of vertical reinforcing steel. (Note: Some insulation and drainage details have been omitted for clarity.)

ILLUSTRATION: HARRY WHITVER

in pounds per square foot per foot of depth (psf/ft)—30 psf/ft (typical of gravel), 60 psf/ft (typical of a silty sand), up to a high of 100 psf/ft (for soils containing significant proportions of clay). Soil pressures higher than 100 psf/ft are problematic enough to take you outside ACI 332's scope, requiring the builder to consult an engineer.

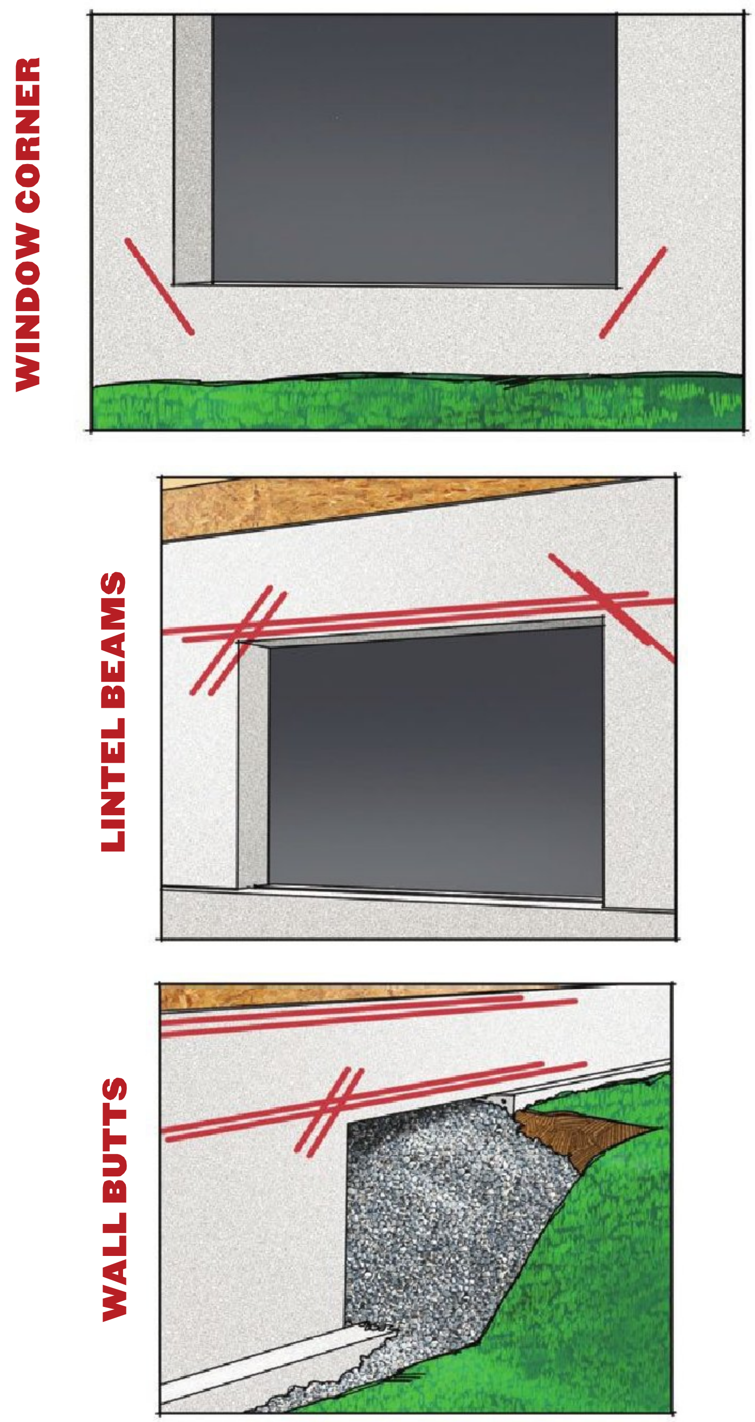
If the site has more than one kind of soil, you're better off building where the good soils are. You can also bring in sand or gravel for backfill. Soil engineers have different opinions about how much imported fill it takes to protect a wall, says Anderson. Some say the fill should slope back 30 degrees from the footing, while others will tell you that a 60-degree slope is required. Anderson offers his own unofficial rule of thumb: "If you have an 8-foot wall and you backfill with 2 feet of sand and gravel from top to bottom, you basically will meet the requirements of a sand and gravel backfill. If you have a 9-foot wall, that zone should be about 3 feet wide; and if you have a 10-foot-high basement wall, that zone should be 4 feet wide. That is not an engineering principle, but I can say with a pretty decent degree of reliability that if you follow those rules, you'll pretty much be where you need to be for reducing the lateral pressure."

■ **Wall Height and Backfill Depth.** Like water pressure, soil pressure increases with increasing depth. And like a beam, a concrete wall experiences more bending force if the distance between supports is greater (basement walls are analyzed as a simple beam standing on end, loaded with sideways pressure in the middle and supported at the top and bottom ends by the floor system and the footing). The combination of these factors means that you can reduce the stress on a wall by either shortening the wall, lowering the backfill height, or both.

The relationship is not linear. Says Anderson, "The increase in lateral pressure going from an 8-foot to a 9-foot basement wall is not 15 percent. It's about a 30 percent to 50 percent increase just by adding an extra foot." The beauty of the ACI 332 tables is that they provide an easy shortcut to the answers, rather than requiring a higher-math analysis. As Bartley puts it, "When you make the wall shorter, you open up a lot of white space in the table."

■ **Wall Thickness.** With or without rebar, fatter walls are better at resisting the lateral pressure of soil. Here again, engineers have complicated equations for putting numbers on the difference; *(see page 100)*

CALLING FOR REINFORCEMENTS



EXTRA SUPPORT: Even when a wall is designed to minimize the need for tied reinforcing steel, rebar is still called for at certain key points in the wall. ACI 332 specifies bar to be placed at window corners (top) and within concrete lintel beams (center), and for short spans of wall where footings may be discontinuous, such as the juncture where a short garage foundation stem-wall butts into a taller basement wall (bottom).

ILLUSTRATIONS: HARRY WHITVER

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THE EASY WAY TO SPEC WALLS

ACI 332's tables put all the answers at your fingertips.

Here is a small slice of Table A.1, one of 10 tables from Appendix A of the ACI 332 standard for concrete basement walls. Table A.1 assumes a concrete compressive strength of 2,500 psi and a rebar yield strength of 40,000 psi. The other nine tables in the series show the options for greater concrete strengths, from 3,000 psi up to 4,500 psi, and also for a stronger grade of rebar (60,000 psi). Here, we show only the options for a 9-foot-high basement wall backfilled to a depth of 5, 6, 7, or 8 feet. But the original Table A.1, like the other nine tables in the series, also provides allowable details for 8-foot-high or 10-foot-high basement walls at a similar range of backfill depths. Allowable reinforcement varies depending on the pressures applied by the type of soil used for backfill, as the table indicates.

9-FOOT WALL

Soil pressure (varies depending on soil type)

	30 psf/ft soil pressure (sand/gravel)			45 psf/ft soil pressure (silt)			60 psf/ft soil pressure (clay)			100 psf/ft soil pressure (heavy clay)		
	Minimum wall thickness, in.			Minimum wall thickness, in.			Minimum wall thickness, in.			Minimum wall thickness, in.		
Unsupported wall height, ft.	7.5	9.5	11.5	7.5	9.5	11.5	7.5	9.5	11.5	7.5	9.5	11.5
5	Plain	Plain	Plain	Plain	Plain	Plain	Plain	Plain	Plain	#4 bar 17" o.c.	Plain	Plain
	Plain	Plain	Plain	Plain	Plain	Plain	Plain	Plain	Plain	#5 bar 26" o.c.	Plain	Plain
	Plain	Plain	Plain	Plain	Plain	Plain	Plain	Plain	Plain	#6 bar 37" o.c.	Plain	Plain
6	Plain	Plain	Plain	Plain	Plain	Plain	Plain	Plain	Plain	#4 bar 11" o.c.	#4 bar 15" o.c.	Plain
	Plain	Plain	Plain	Plain	Plain	Plain	Plain	Plain	Plain	#5 bar 17" o.c.	#5 bar 22" o.c.	Plain
	Plain	Plain	Plain	Plain	Plain	Plain	Plain	Plain	Plain	#6 bar 24" o.c.	#6 bar 31" o.c.	Plain
7	Plain	Plain	Plain	#4 bar 17" o.c.	Plain	Plain	#4 bar 13" o.c.	Plain	Plain	#4 bar 8" o.c.	#4 bar 10" o.c.	Plain
	Plain	Plain	Plain	#5 bar 27" o.c.	Plain	Plain	#5 bar 20" o.c.	Plain	Plain	#5 bar 12" o.c.	#5 bar 16" o.c.	Plain
	Plain	Plain	Plain	#6 bar 37" o.c.	Plain	Plain	#6 bar 28" o.c.	Plain	Plain	#6 bar 17" o.c.	#6 bar 22" o.c.	Plain
8	Plain	Plain	Plain	#4 bar 13" o.c.	Plain	Plain	#4 bar 10" o.c.	#4 bar 13" o.c.	Plain	#4 bar 6" o.c.	#4 bar 8" o.c.	#4 bar 9" o.c.
	Plain	Plain	Plain	#5 bar 20" o.c.	Plain	Plain	#5 bar 15" o.c.	#5 bar 20" o.c.	Plain	#5 bar 10" o.c.	#5 bar 12" o.c.	#5 bar 15" o.c.
	Plain	Plain	Plain	#6 bar 28" o.c.	Plain	Plain	#6 bar 21" o.c.	#6 bar 28" o.c.	Plain	#6 bar 14" o.c.	#6 bar 16" o.c.	#6 bar 21" o.c.

SOURCE: AMERICAN CONCRETE INSTITUTE

but the ACI 332 tables allow anyone to look up the answer. The table for 3,500-psi concrete, for example, lets the builder omit vertical rebar in most soil conditions, as long as the wall is 11 1/2 inches thick.

■ **Concrete Strength.** Higher-psi concrete also helps give the walls greater capacity against lateral soil pressure. This effect is relatively minor, but it can make a difference in some cases: There's just a little bit more white space in Table A.3 (3,000-psi concrete) than there is in Table A.1 (2,500-psi concrete). Higher-strength concrete may also bring other advantages—it improves water resistance, freeze-thaw resistance, and impact resistance. But when the chips are down, most builders probably will settle for 3,500-PSI concrete in a typical basement.

■ **Rebar Size, Grade, and Placement.** Reinforcing steel adds the vital property of tensile strength to a concrete wall (concrete by itself is not very strong in tension). There are two grades of steel covered in the ACI 332 tables: Grade 40 (with a yield strength of 40,000 psi) and Grade 60 (with a yield strength of 60,000 psi). If you use Grade 60 rebar, you can install fewer pieces to gain equivalent strength—"and there is virtually no cost difference between the two grades," says Bartley. Labor is the key factor when you're installing rebar; you save money by using fewer pieces, which you can do by increasing the diameter, the grade, or both. At diameters above 3/4 inch (#6 bar), the steel gets harder to bend around corners; but most contractors can readily bend any size or grade of bar using mechanical equipment. (Note: For all basement walls, ACI 332 requires three bars of rebar placed horizontally along the length of the wall at the top, center, and bottom to limit shrinkage cracking.)

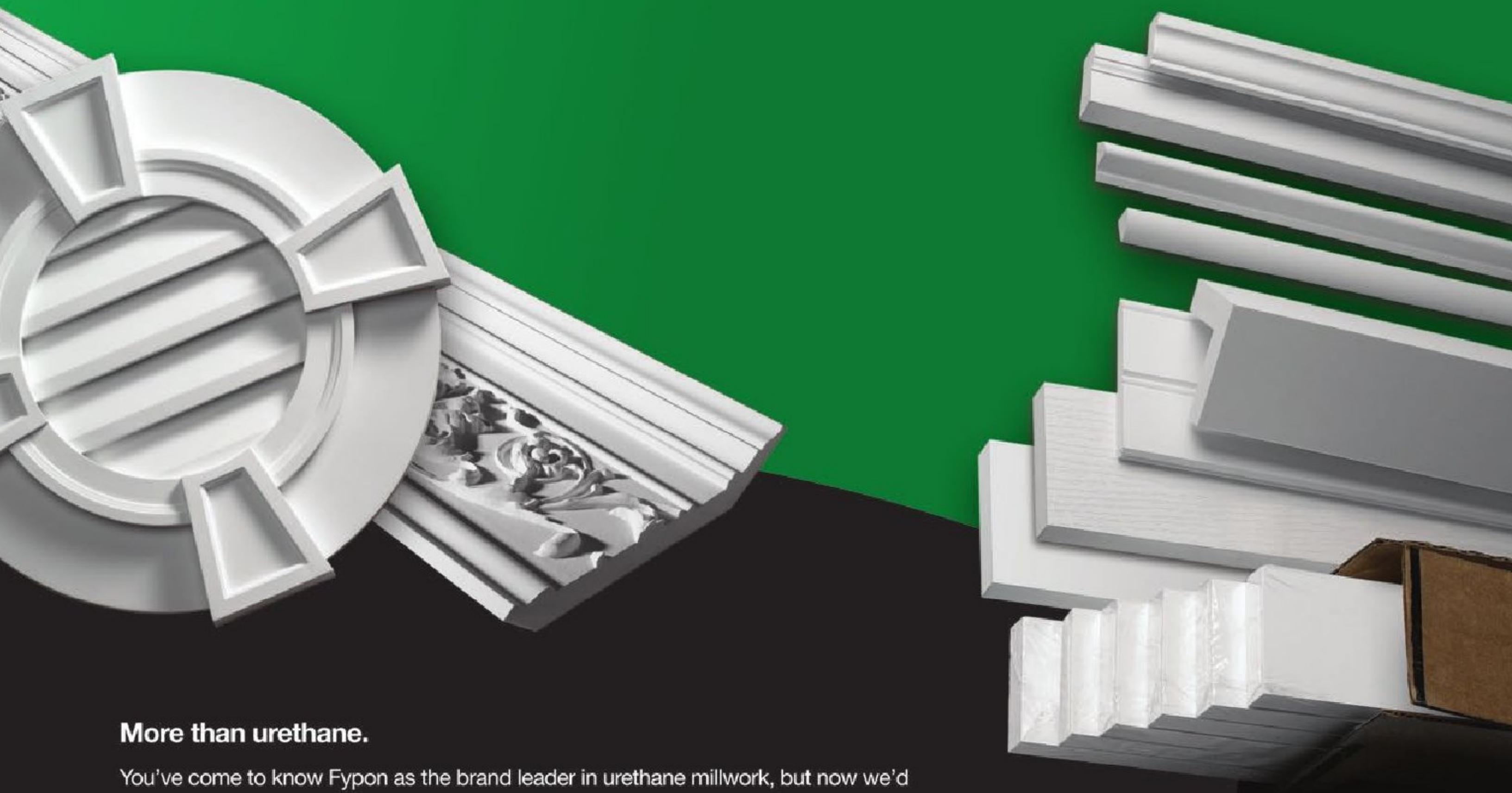
Of course, not all home buyers want their house designs squeezed to the economic minimum. In fact, in parts of the Washington, D.C., vicinity, says Bartley, customers are insisting on basement ceilings 10 or even 12 feet high. It's a little extreme, he admits, but he says, "It's not my job to tell people what to do." In cases like that, or for homes built in the very active "marine clay" soils found in parts of the Virginia lowlands, Bartley usually finds himself building to a specific engineered design—and charging accordingly.

But for the average house on good soil, Bartley's generic solution is an 8-foot or 9-foot basement wall, 10 inches thick, poured with 3,500-psi concrete using four horizontal runs of rebar—and, in most cases, no need for vertical rebar. That's actually pretty conservative, he says. "We're conscientious, and we don't want to get anyone in trouble."

For Bartley, the new ACI 332 standard is by no means an excuse to get away with doing less. On the contrary, he says, the new rules fill a void in the residential construction industry. "We created a standard that the residential industry should be living up to—something that would represent value to the customer as well as a reasonable standard for the contractor himself to meet." **B**

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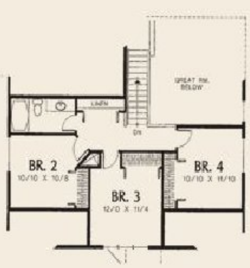
While the tendency of some builders in these tough times is to offer drastically simplified homes, we think it's a smarter bet to build proven winners—homes that are efficient to construct and attract buyers. In a market flooded with bargains, the look of fine custom design will help your brand stand out. With this market-beating strategy in mind, we present this month's BUILDER house plans. Each design features basic rooflines and open interiors—as well as the curbside appeal that will satisfy consumers' sense of individuality.

MARGIN MAKER





FIRST



SECOND

First Floor: 1,198 sq. ft. ■ **Second Floor:** 668 sq. ft. ■ **Total:** 1,866 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 ½ ■ **Dimensions:** 40' - 0" X 47' - 0" ■ **Foundation:** Crawlspace

A fine example of a Craftsman bungalow, this four-bedroom home will be a delight to own. The efficient kitchen offers a serving island to the dining area, while the glow from the corner fireplace in the great room adds cheer to the entire area. Located on the first floor for privacy, the vaulted master bedroom features a walk-in closet, a private bath with a dual-bowl vanity, and access to the rear yard. Upstairs, three secondary bedrooms share a full hall bath and a large linen closet. The two-car garage will easily shelter the family fleet.

PLAN # HWBI04000I ■ **5-SET** $595 ■ **8-SET** $650 ■ **REPRO** $850 ■ **CAD** $1,270

DESIGNED BY: ALAN MASCORD DESIGN ASSOCIATES, INC.

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First Floor: 716 sq. ft. ■ **Second Floor:** 784 sq. ft. ■ **Total:** 1,500 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ½ ■ **Dimensions:** 36' - 0" X 44' - 0" ■ **Foundation:** Crawlspace



FIRST



SECOND



PLAN # **HWBI040002** ■ **5-SET** $595 ■ **8-SET** $650 ■ **REPRO** $850 ■ **CAD** $1,135



PLAN # **HWBI040003** ■ **5-SET** $625 ■ **8-SET** $695 ■ **REPRO** $925 ■ **CAD** $1,380

First Floor: 1,603 sq. ft. ■ **Second Floor:** 471 sq. ft. ■ **Total:** 2,074 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ½ ■ **Dimensions:** 50' - 0" X 56' - 0" ■ **Foundation:** Crawlspace

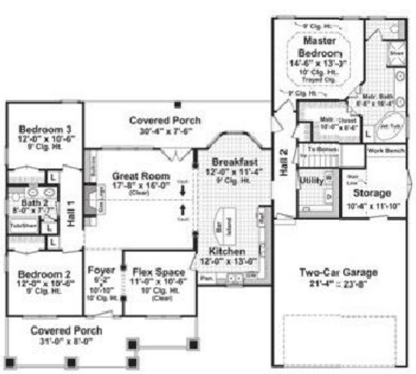


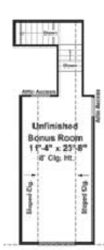
FIRST



SECOND

Square Footage: 1,800 ■ **Bonus Space:** 326 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 65' - 0" X 56' - 8" ■ **Foundation:** Crawlspace, Slab







PLAN # **HWBI040004** ■ **5-SET** $645 ■ **8-SET** N/A ■ **REPRO** $805 ■ **CAD** $1,305

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DESIGNED BY: ALAN MASCORD DESIGN ASSOCIATES, INC.; HOUSE PLAN GALLER;

NARROW LOT!



PLAN # HWBI040005 ■ **5-SET** $ 750 ■ **8-SET** $795 ■ **REPRO** $995 ■ **CAD** $1,795

First Floor: 1,360 sq. ft. ■ **Second Floor:** 1,145 sq. ft. ■ **Total:** 2,505 sq. ft. ■ **Bonus Space:** 230 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 30' - 0" X 68' - 0" ■ **Foundation:** Crawlspace



FIRST SECOND

First Floor: 1,400 sq. ft. ■ **Second Floor:** 1,482 sq. ft.Total: 2,882 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 40' - 0" X61' - 6" ■ **Foundation:** Crawlspace



FIRST SECOND

CLASSIC CRAFTSMAN!



PLAN # HWBI040006 ■ **5-SET** $ 750 ■ **8-SET** $795 ■ **REPRO** $995 ■ **CAD** $1,795

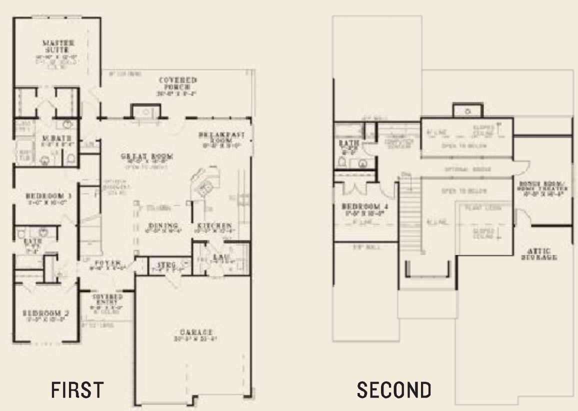
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PLAN # HWBI040007 ■ **5-SET** N/A ■ **8-SET** $750 ■ **REPRO** $970 ■ **CAD** $1,270

First Floor: 1,588 sq. ft. ■ **Second Floor:** 287 sq. ft. ■ **Total:** 1,875 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 ■ **Dimensions:** 42' - 0" X 68' - 6" ■ **Foundation:** Crawlspace, Slab



FIRST SECOND

DESIGNED BY: MICHAEL E. NELSON, NELSON DESIGN GROUP, LLC, CORNERSTONE DESIGNS, LLC

Square Footage: 1,628 ■ **Bonus Space:** 300 sq. ft. ■
Bedrooms: 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 56' - 0" X 50' - 4"





STYLISH FACADE!

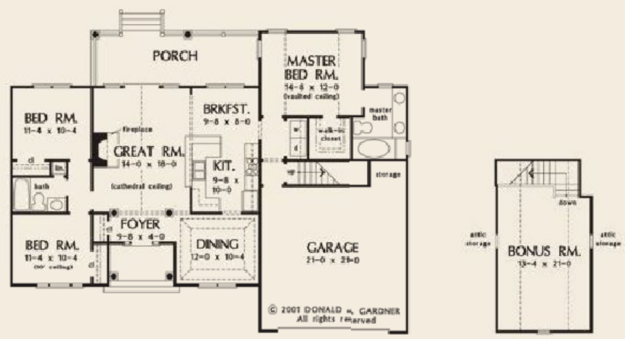
PLAN # **HWBI040008** ■ **5-SET** $ 750 ■
8-SET $805 ■ **REPRO** $1,130 ■ **CAD** N/A

GREAT SIGHT LINES!



PLAN # **HWBI040009** ■ **5-SET** $695 ■
8-SET $755 ■ **REPRO** $1,055 ■ **CAD** N/A

Square Footage: 1,377 ■ **Bonus Space:** 322 sq. ft. ■ **Bedrooms:** 3 ■
Bathrooms: 2 ■ **Dimensions:** 57' - 8" X 44' - 0"



DESIGNED BY: © DONALD A. GARDNER ARCHITECTS, INC; DESIGN BASICS, INC.

Square Footage: 1,970 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■
Dimensions: 57' - 8" X 58' - 0" ■ **Foundation:** Unfinished Basement



SPLIT BEDROOMS!



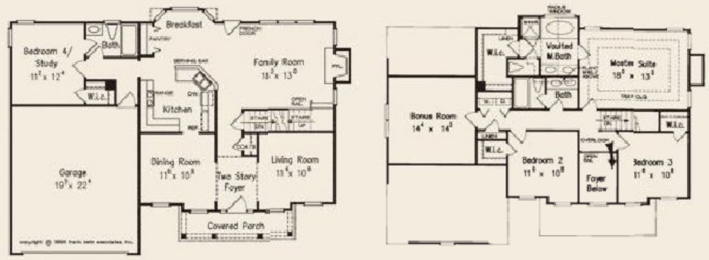
PLAN # **HWBI040010** ■ **5-SET** $975 ■
8-SET N/A ■ **REPRO** $975 ■ **CAD** $1,475

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BONUS SPACE

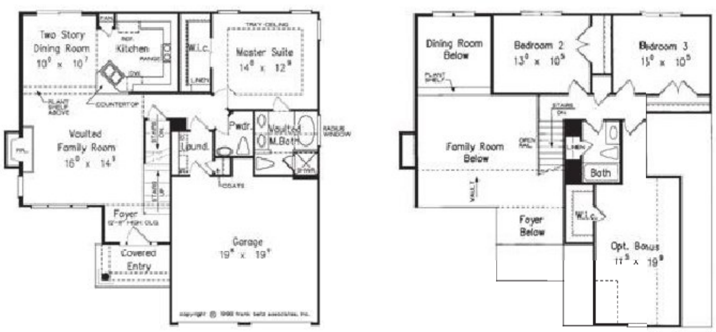


First Floor: 1,135 sq. ft. ■ **Second Floor:** 917 sq. ft. ■ **Total:** 2,052 sq. ft. ■ **Bonus Space:** 216 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 ■ **Dimensions:** 52' - 4" X 37' - 6" ■ **Foundation:** Crawlspace, Slab, Unfinished Walkout basement



PLAN # **HWBI040011** ■ **5-SET** $740 ■ **8-SET** $810 ■ **REPRO** $1,000 ■ **CAD** $1,735

First Floor: 1,001 sq. ft. ■ **Second Floor:** 466 sq. ft. ■ **Total:** 1,467 sq. ft. ■ **Bonus Space:** 292 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ½ ■ **Dimensions:** 42' - 0" X 42' - 0" ■ **Foundation:** Crawlspace, Slab, Unfinished Walkout Basement



RECESSION BUSTER!



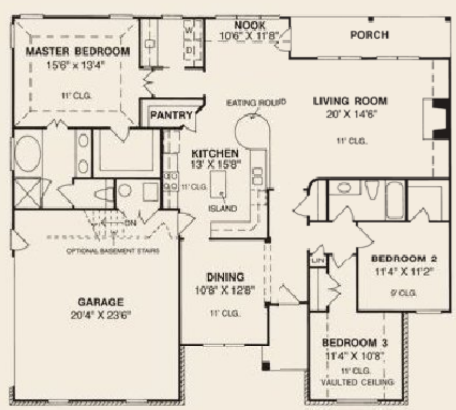
PLAN # **HWBI040012** ■ **5-SET** $685 ■ **8-SET** $750 ■ **REPRO** $935 ■ **CAD** $1,570

SIDE LOAD GARAGE!



PLAN # **HWBI040013** ■ **5-SET** $740 ■ **8-SET** $810 ■ **REPRO** $1,000 ■ **CAD** N/A

Square Footage: 1,810 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 55' - 0" X 48' - 0" ■ **Foundation:** Slab

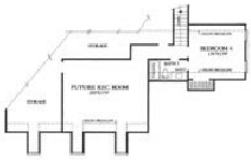


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First Floor: 1,981 sq. ft. ■ **Second Floor:** 291 sq. ft. ■ **Total:** 2,272 sq. ft. ■ **Bonus Space:** 412 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 1/2 ■ **Dimensions:** 58' - 0" X 53' - 0" ■ **Foundation:** Crawlspace



FIRST



SECOND



PLAN # **HWBI040014** ■ **5-SET** $800 ■ **8-SET** $870 ■ **REPRO** $1,100 ■ **CAD** N/A



PLAN # **HWBI040015** ■ **5-SET** $800 ■ **8-SET** $870 ■ **REPRO** $1,100 ■ **CAD** N/A

First Floor: 1,627 sq. ft. ■ **Second Floor:** 783 sq. ft. ■ **Total:** 2,410 sq. ft. ■ **Bonus Space:** 418 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 46' - 0" X 58' - 0" ■ **Foundation:** Crawlspace



FIRST



SECOND

DESIGNED BY: ©WILLIAM E. POOLE DESIGNS, INC.; LIVING CONCEPTS HOME PLANNING

Square Footage: 1,400 ■ **Bonus Space:** 297 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 50' - 0" X 42' - 8" ■ **Foundation:** Crawlspace







PLAN # **HWBI040016** ■ **5-SET** $750 ■ **8-SET** N/A ■ **REPRO** $1,025 ■ **CAD** $2,050

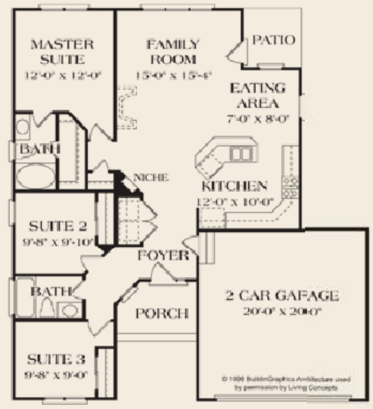
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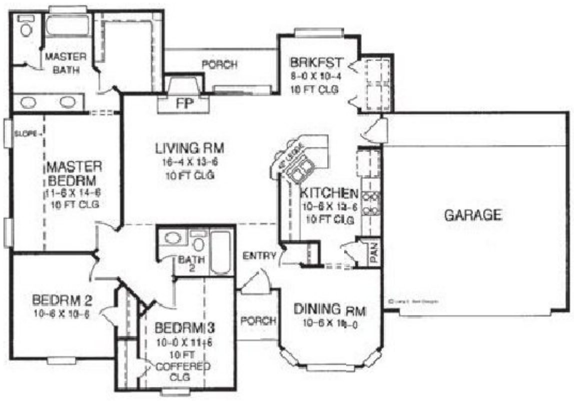


PLAN # **HWBI040017** ■ **5-SET** $750 ■ **8-SET** N/A ■ **REPRO** $1,025 ■ **CAD** $2,050

Square Footage: 1,204 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 43' - 1" X 47' - 1" ■ **Foundation:** Slab



Square Footage: 1,402 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 59' - 10" X 40' - 10" ■ **Foundation:** Crawlspace, Slab



SIMPLE LAYOUT!



PLAN # **HWBI040018** ■ **5-SET** $685 ■ **8-SET** $835 ■ **REPRO** $935 ■ **CAD** $1,870

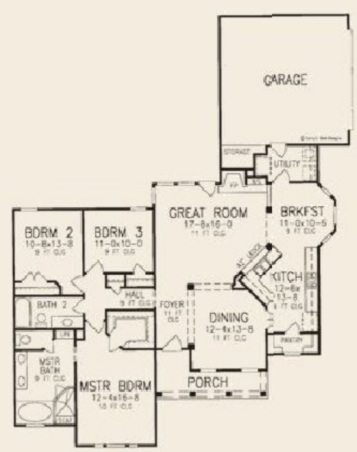
DEFINING DETAILS!



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PLAN # **HWBI040019** ■ **5-SET** $630 ■ **8-SET** $770 ■ **REPRO** $870 ■ **CAD** $1,740

Square Footage: 1,654 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 54' - 10" X 69' - 10" ■ **Foundation:** Crawlspace, Slab

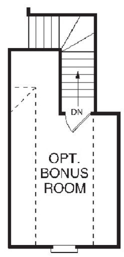


DESIGNED BY: ©LARRY E. BELK DESIGNS LIVING CONCEPTS HOME PLANNING

Square Footage: 1,458 ■ **Bonus Space:** 256 sq. ft. ■
Bedrooms: 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 47' - 7" X 46' - 5" ■
Foundation: Slab

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SIMPLE ROOFLINES!

PLAN # HWBI040020 ■ 5-SET $750 ■
8-SET N/A ■ REPRO $1,025 ■ CAD $2,050

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A plan order will include ideas for: General specification design notes; exterior elevations of all four views; building sections and details; interior elevations of cabinets and walls with unique conditions; electrical plans; and foundation plans. Basement plans are included only where applicable.

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Landscaping, Decking, and Room Enclosures

A beautiful home exterior impresses visitors and passersby, to be sure. But it's not just about turning heads. It's about taking pride in one's home and creating serene surroundings in which to gather with family and friends and connect with nature. Whether it's as simple as a lighted walkway or as grand as a new sunroom, exterior upgrades and improvements make a dramatic impact. Builders who recognize this universal desire can help clients achieve their ideal while increasing profits — a win-win. This special section will help you navigate the landscaping products, decking, and room enclosures on today's market. Read on for some great ideas.

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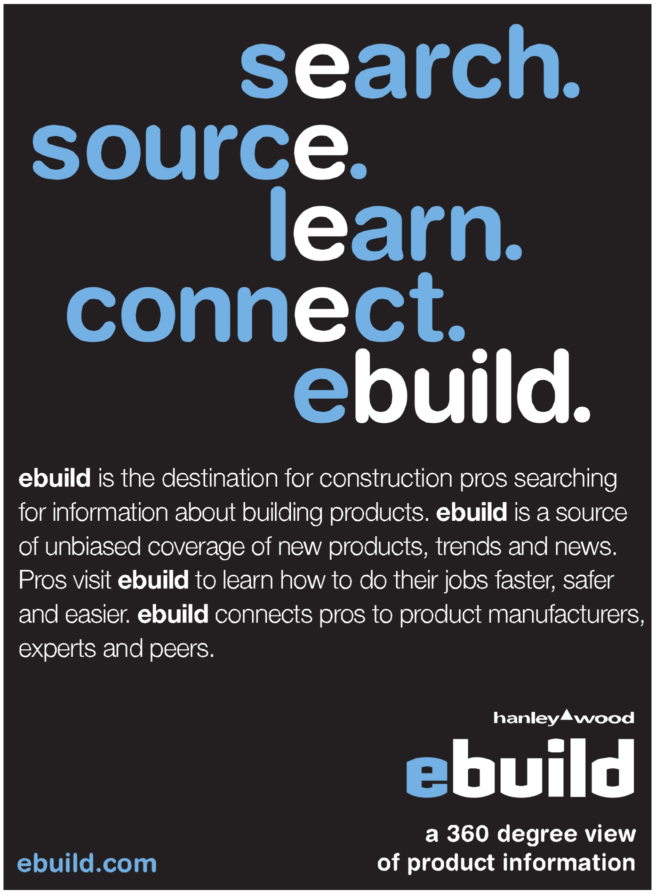


DEK Drain

Continue reading through this special section for more information on the latest in landscaping products, decking, and room enclosures.

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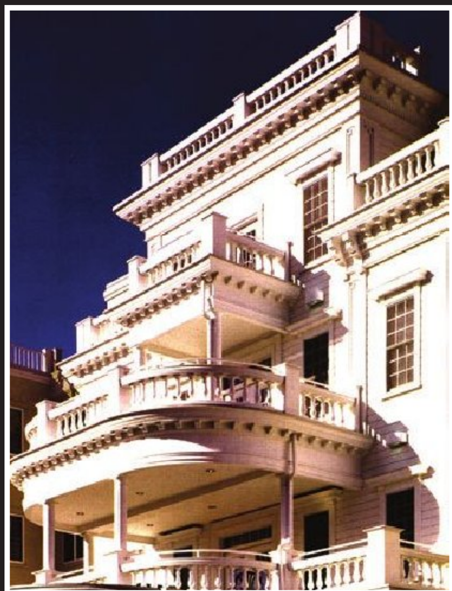
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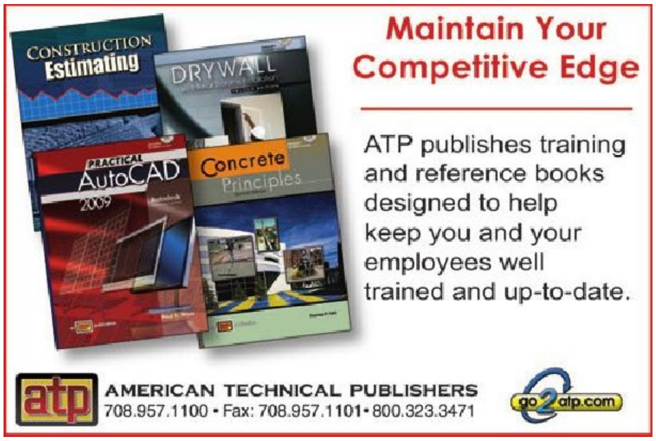


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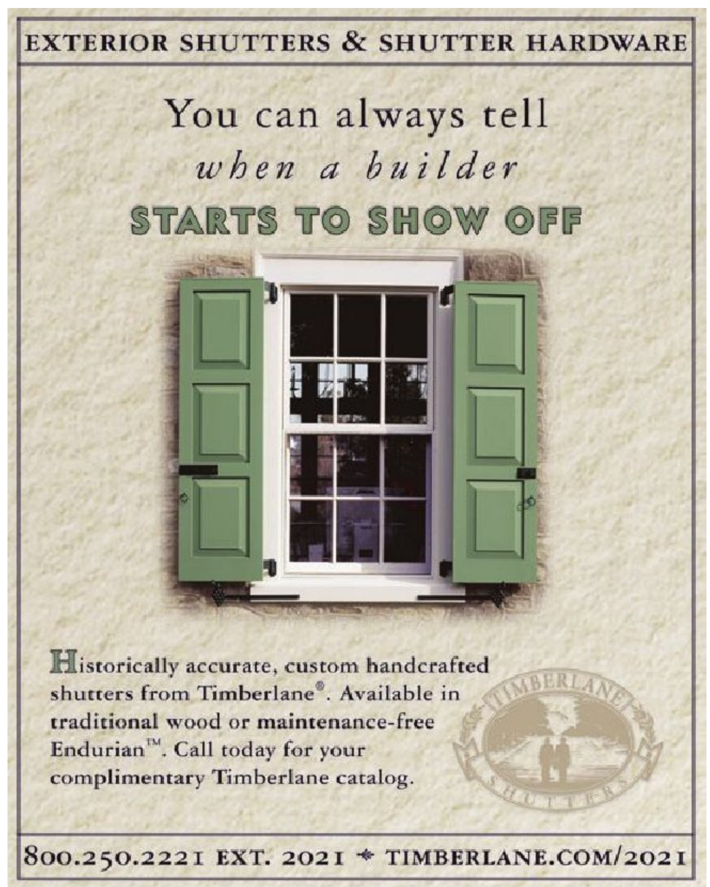
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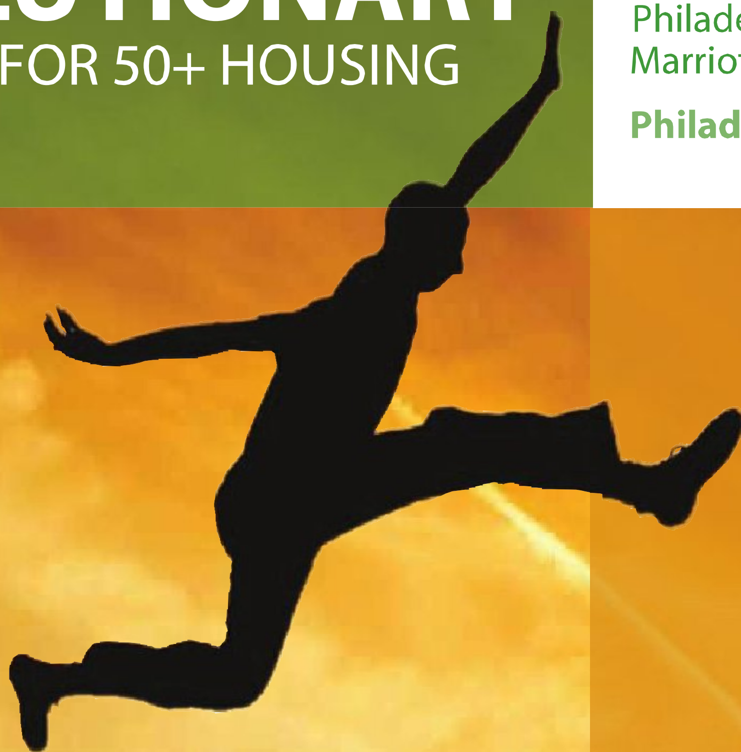


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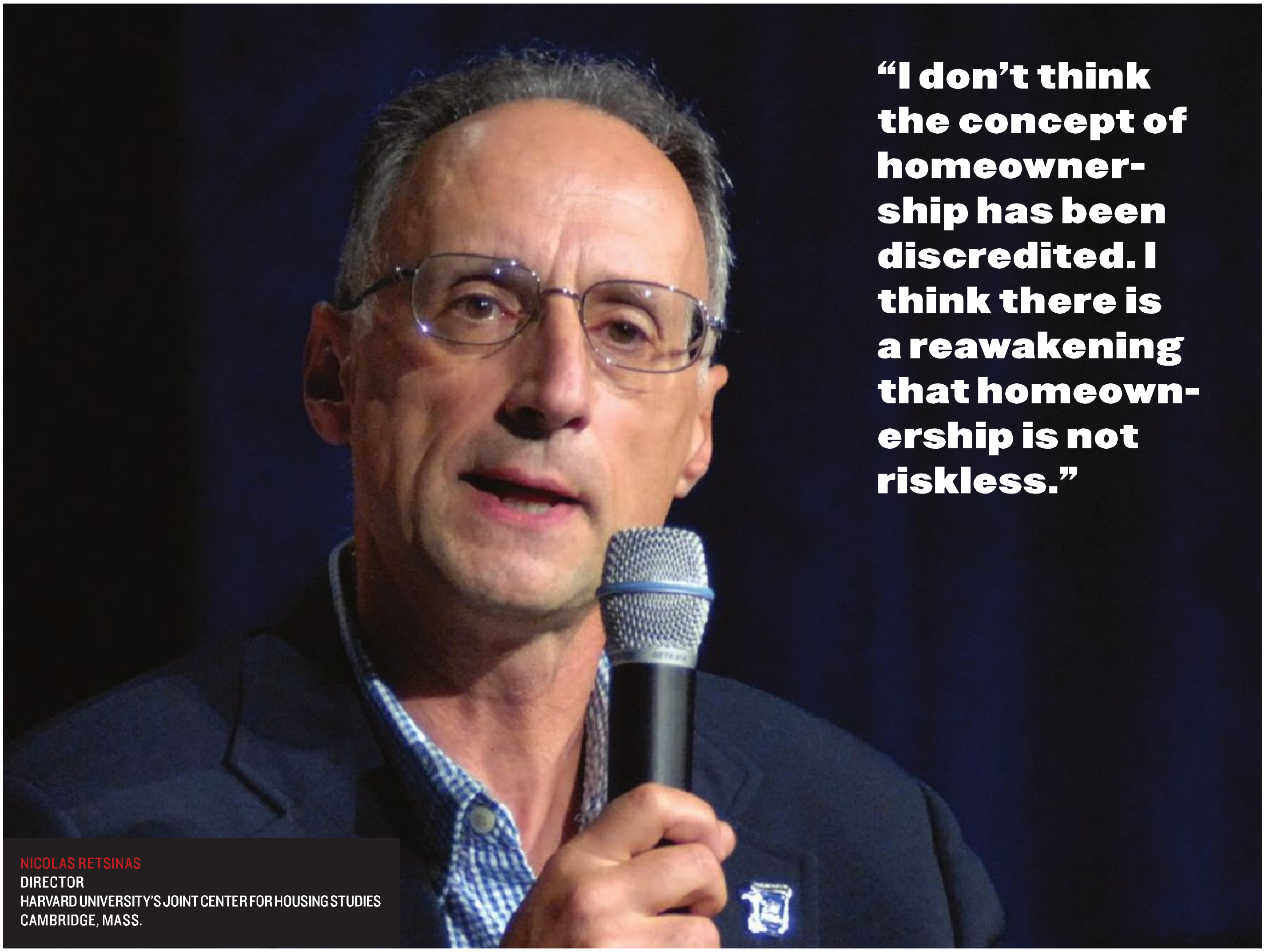
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"I don't think the concept of homeownership has been discredited. I think there is a reawakening that homeownership is not riskless."

NICOLAS RETSINAS
DIRECTOR
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STEFFAN HACKER

WITH THE NEW ADMINISTRATION and Congress tasked with righting the nation's sinking economic ship, it seemed an apt time to talk politics, housing policy, and economic forecasting with Nicolas Retsinas, director of Harvard University's Joint Center for Housing Studies. A former assistant secretary for housing and a past director of the Office of Thrift Supervision, Retsinas has a particularly well-informed opinion when it comes to national housing policy. The government's takeover of Fannie Mae and Freddie Mac, he says, amounts to nationalization of the country's housing finance market. It's not ideal, but "we're in a strange world," he says. "We're in a world where no one thinks anyone will pay back anything they borrow. When you believe that, no one will lend. If it weren't for the government, no one would be lending."—*Pat Curry*

Q: What needs to be at the top of the new administration's agenda for HUD?

A: The immediate agenda facing the new administration, including HUD, is twofold: There has not been appropriate recognition that housing is, in part, at the core of the problems we face economically. I can't understand why, a year into this crisis, we haven't agreed on a simple, streamlined loan modification process. ... We need to also address the demand side. ... We've made progress in affordability, but we need to make sure we couple that with addressing people's reluctance to buy. The strength of the housing market has to do with the strength of the job market. The new administration has to put forward a back-to-work program.

Q: Do you see anything positive happening for the housing industry this year?

A: There are some signs for the possibility of recovery. Housing is becoming more affordable. That has increased interest in housing. The other sign that would give us some hope is that I do think there's a latent demand. We still have a growing population waiting to be unleashed; fundamentally, they need a place to live.

Q: Millions of Americans are facing falling home values and foreclosure. Do we need to rethink the concept of homeownership as the American dream?

A: I don't think the concept of homeownership has been discredited. I think there is a reawakening that homeownership is not riskless. We have to make sure people understand that.